

March 2024

EMEA Market Structure Monthly

MICROSTRUCTURE OBSERVATIONS

- EMEA equities turnover increased by 7% MoM to €45B, down 10% YoY.
- Auctions recorded a six-month high share of 27.3% due to the MSCI rebalance.
- In non-lit markets, the market share of the larger venues remained broadly unchanged whilst Aquis Dark reached 9% market share.
- Quote sizes increased and spreads decreased MoM, followed by some of the lowest one-minute volatility levels that we have seen over the past months.

EMEA MARKET STRUCTURE NEWS

European Commission to Revise Mifir Volume Caps Error

The European Commission and Parliament plan to replace their 4% and 8% caps on dark volumes with a single cap of 7%. This change is expected to take 18 months to fully implement which would have been a limitless period under the original rules. The UK removed all dark volume caps from equity trading in 2021 following its departure from the European Union. Subsequently, dark trading market share increased modestly at first then plateaued similar to the activity in US markets.

<https://www.thetradenews.com/european-commission-hurries-through-last-minute-revision-to-mifir-text-to-plug-dark-trading-loophole/>

UK Taskforce Recommends Two-Phased Approach for T+1 Settlement Migration

The UK's Accelerated Settlement Taskforce issued their recommended approach to shortening the settlement cycle. They recommend to first make operational changes in 2025 and schedule the full transition by the end of 2027. Furthermore, the Taskforce recommends the establishment of a Technical Group to work through the details of the transition. These recommendations come after internal debates over whether to follow the US model or the EU model for when to implement. For now, it seems the Taskforce has settled on a 'wait and see' approach, leaving ample time to study the impact of the US transition.

<https://www.thetradenews.com/uk-taskforce-recommends-t1-settlement-by-the-end-of-2027-in-two-phase-approach/>

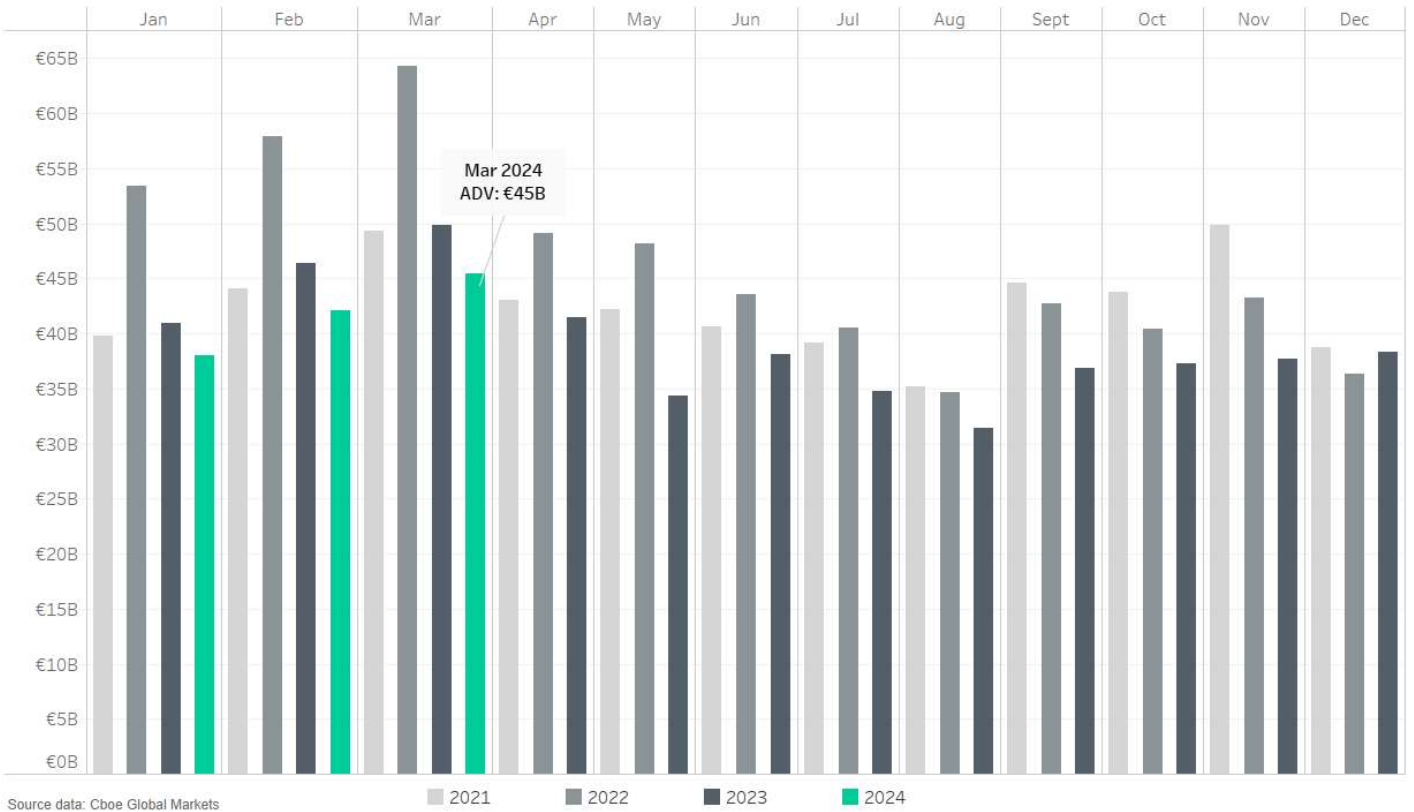
US's Shift to T+1 Risks Pushing 40% of FX Flows Outside of CLS

The European Fund and Asset Management Association (EFAMA) said that due to the inability to meet internal custodian deadlines, based on trading patterns and relationships, 40% of daily FX flow will no longer be able to settle through the CLS platform. The inability to use CLS will

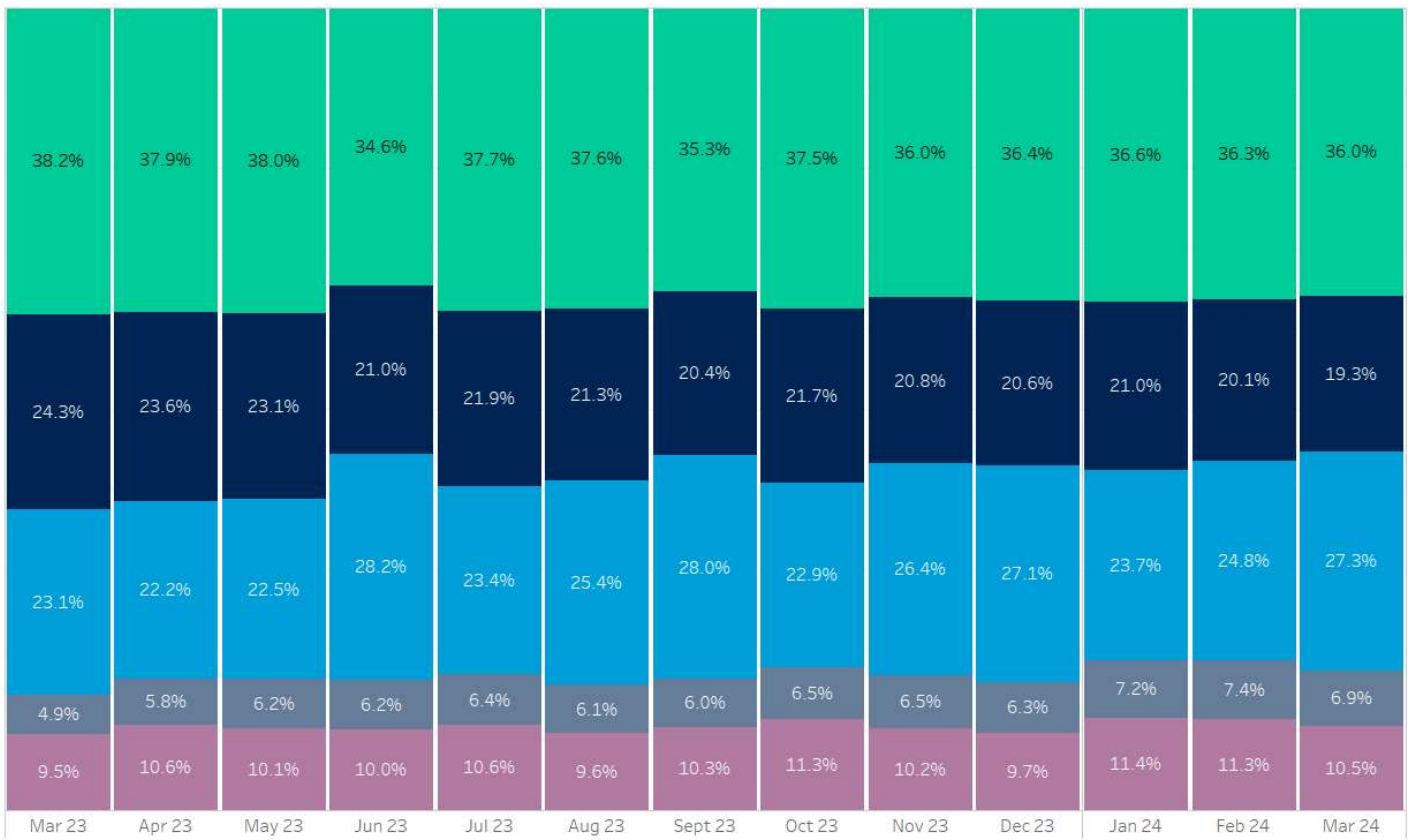
lead to Asset Managers needing to use costlier and riskier alternatives, like prefunding, which EFAMA contends is an inefficient use of capital. EFAMA goes on to suggest reforms to the existing cutoffs to allow for more time for these orders to be submitted. Any changes to the existing CLS system would require regulatory engagement, comprehensive risk assessment, and consensus from industry participants that these are necessary changes as it would require broad changes to internal processes across the industry.

<https://www.thetradenews.com/european-asset-managers-face-almost-40-of-trades-falling-outside-of-cls-cut-off-due-to-custodian-deadlines/>

Average Daily Market Volume



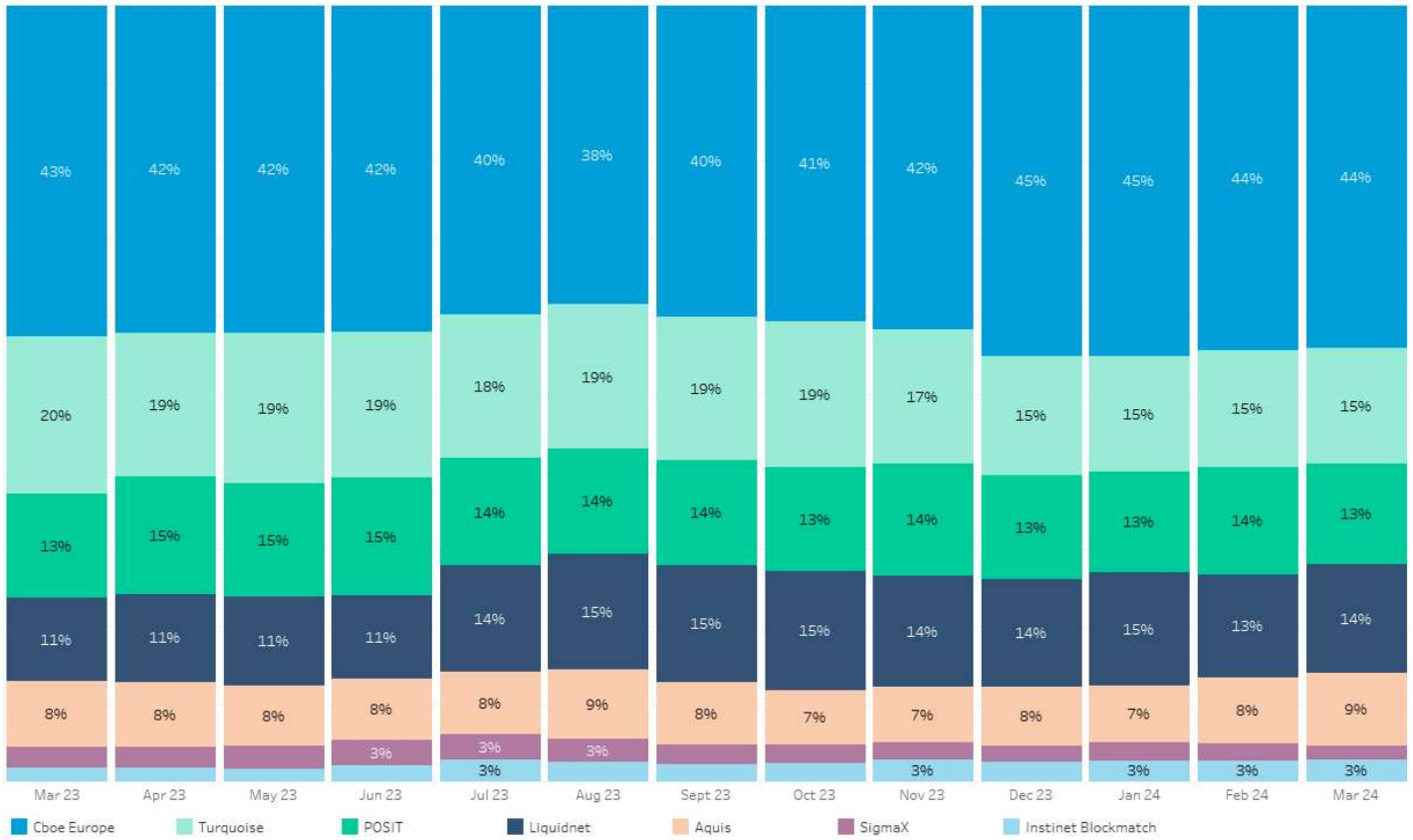
Venue Type Market Share



Source data: Cboe Global Markets

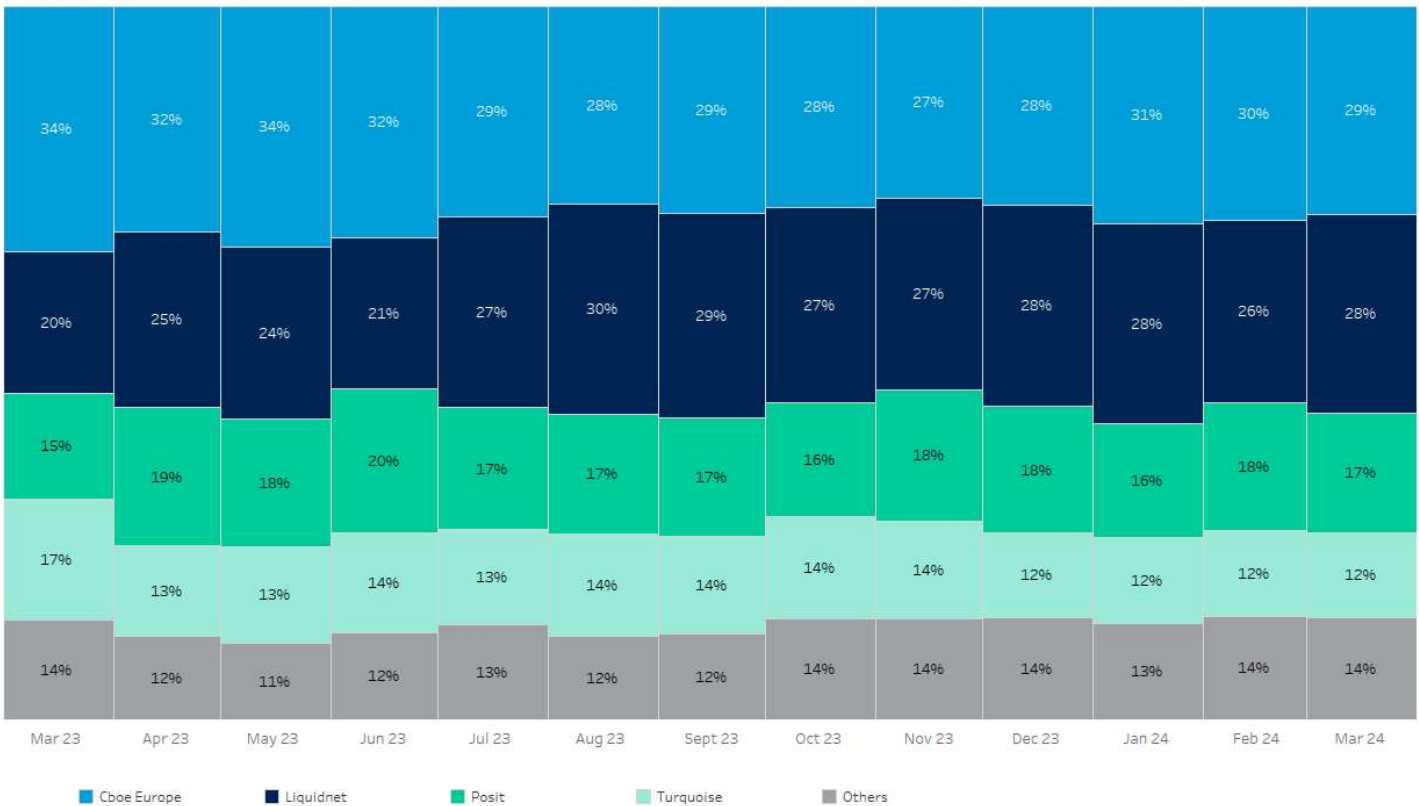
■ Primary
 ■ MTF
 ■ Auctions
 ■ FBA
 ■ Dark

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

		1Q 23	2Q 23				3Q 23			4Q 23			1Q 24		
		Mar 23	Apr 23	May 23	Jun 23	Jul 23	Aug 23	Sept 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	
8:00 - 8:30	Stoxx50	27.7K	31.3K	29.3K	25.8K	27.9K	28.0K	25.1K	23.5K	25.8K	25.6K	24.4K	25.2K	27.4K	
	Stoxx600	14.5K	15.2K	14.3K	13.5K	13.0K	12.4K	12.1K	11.1K	11.5K	12.1K	11.7K	12.0K	12.7K	
8:30 - 16:00	Stoxx50	38.5K	42.1K	39.4K	34.2K	39.0K	39.9K	36.5K	37.3K	38.2K	38.7K	36.4K	40.6K	40.1K	
	Stoxx600	18.1K	19.1K	18.0K	17.6K	17.1K	16.2K	16.1K	15.3K	15.4K	16.7K	16.8K	16.9K	17.9K	
16:00 - 16:30	Stoxx50	45.3K	49.5K	47.3K	41.8K	48.1K	51.5K	51.6K	51.8K	51.5K	53.8K	48.4K	55.4K	54.3K	
	Stoxx600	22.4K	24.1K	23.4K	23.3K	22.9K	21.3K	22.7K	20.4K	21.6K	23.3K	23.4K	23.8K	24.9K	

Spread Bps

8:00 - 8:30	Stoxx50	5.0	5.4	5.5	5.3	5.2	4.8	4.7	4.6	4.7	4.6	4.5	4.6	4.5
	Stoxx600	8.4	8.3	8.4	8.0	8.1	8.1	7.9	8.5	8.3	7.7	7.8	7.9	7.7
8:30 - 16:00	Stoxx50	3.3	3.4	3.4	3.3	3.4	3.3	3.2	3.3	3.1	3.0	3.1	3.0	2.9
	Stoxx600	5.4	5.1	5.1	5.0	5.1	5.1	5.0	5.6	5.2	4.9	4.9	4.9	4.8
16:00 - 16:30	Stoxx50	2.9	3.1	3.1	3.1	3.1	3.0	2.7	2.8	2.6	2.6	2.6	2.6	2.5
	Stoxx600	4.6	4.5	4.4	4.5	4.5	4.6	4.4	4.9	4.5	4.4	4.2	4.2	4.1

One Minute Volatility Bps

8:00 - 8:30	Stoxx50	14.1	12.3	12.4	11.4	11.4	10.4	10.2	12.2	10.4	9.3	10.8	10.8	10.0
	Stoxx600	12.8	11.7	11.1	10.2	10.4	9.6	9.4	11.7	10.5	9.6	10.1	10.6	10.4
8:30 - 16:00	Stoxx50	6.9	5.5	5.1	5.1	5.0	5.3	5.2	6.1	4.7	4.3	4.8	4.6	4.6
	Stoxx600	6.0	4.8	4.6	4.5	4.5	4.5	4.6	5.6	4.8	4.2	4.4	4.3	4.3
16:00 - 16:30	Stoxx50	6.6	5.9	5.7	5.8	5.1	5.4	4.8	5.8	4.7	4.3	4.3	4.3	4.5
	Stoxx600	5.1	4.5	4.5	4.4	4.2	4.3	4.2	5.1	4.3	4.0	3.9	4.0	4.1

Percent ADV by Time of Day

Open	Stoxx50	1.0%	1.0%	1.0%	1.1%	1.1%	1.0%	1.0%	1.0%	0.9%	1.4%	1.1%	1.1%	1.2%
	Stoxx600	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%	0.7%	0.6%	0.6%	0.7%
8:00 - 8:30	Stoxx50	4.8%	2.9%	3.4%	3.0%	4.1%	6.4%	7.3%	4.3%	4.1%	4.0%	4.1%	4.0%	4.4%
	Stoxx600	6.3%	6.5%	6.6%	5.7%	5.7%	5.7%	5.1%	4.8%	4.8%	5.0%	5.1%	4.9%	5.5%
16:00 - 16:30	Stoxx50	4.2%	2.0%	2.8%	2.9%	4.4%	8.4%	11.2%	5.1%	4.8%	4.6%	4.4%	4.0%	3.6%
	Stoxx600	13.2%	13.3%	13.9%	13.6%	14.4%	15.8%	16.1%	14.7%	13.0%	13.7%	12.9%	12.5%	13.0%
Close	Stoxx50	27.4%	26.6%	28.9%	32.6%	29.1%	27.7%	31.5%	28.4%	29.4%	31.9%	30.7%	29.9%	33.8%
	Stoxx600	29.7%	29.8%	30.6%	34.9%	32.4%	32.8%	34.5%	31.9%	33.2%	34.3%	32.9%	34.0%	34.2%

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

To learn more, contact your sales representative or call our desk at:

APAC +852.2846.3592 | **CAN** +1.416.874.0800 | **EMEA** +44.20.7670.4066 | **US** +1.646.682.6199

info@virtu.com | www.virtu.com

© 2024 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 includes Virtu proprietary information and/or has been taken from sources we believe to be reliable, but we do not represent or warrant that such information is accurate or complete and it should not be relied upon as such.

Securities products and services are offered by the following subsidiaries of Virtu Financial, Inc. In the U.S., Virtu Americas LLC, member FINRA and SIPC; in Canada, Virtu Canada Corp., member Canadian Investor Protection Fund and Canadian Investment Regulatory Organization; in Europe, Virtu Europe Trading Limited, registered in Ireland No. 283940 ("VETL") (VETL is authorized and regulated by the Central Bank of Ireland), and 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 VETL and VFIL is North Dock One, Fifth Floor, 91-92 North Wall Quay, Dublin 1, Ireland, D01 H7V7; 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)