MONTHLY UPDATE
APRIL 2010

Market Indicators

		THREE-MONTH TREND	ONE-MONTH TREND	TWO-WEEK TREND	MARKET SHARE	COVERAGE (80%)*	AUCTION LIQUIDITY*	AVG DAILY NO. of TRADES	Average Trade Size (ATS)	Bid-ASK Spread (VWAS in bp)	% time at BEST BID &OFFER*	% time at BEST BID & OFFER with greatest size*
AEX	EURONEXT	↓	↓	→	68.9%	45%	7.5	6 578	11 278	4.4	52%	29%
	CHI-X	↑	↑	→	22.7%	40%		3 393	7 194	3.9	50%	11%
	TURQUOISE	↓	→	→	2.8%	46%		528	5 735	8.5	12%	0%
	BATS	↑	→	→	4.9%	37%		846	6 228	5.4	16%	0%
	NASDAQ OMX	→	→	→	0.8%	41%		157	5 199	10.0	5%	0%
BEL20	EURONEXT	↓	→	→	72.7%	38%	9.5	2 407	8 329	7.2	38%	23%
	CHI-X	↑	→	→	21.1%	31%		1 137	5 119	6.0	41%	14%
	TURQUOISE	→	→	→	2.2%	32%		146	4 202	17.2	5%	0%
	BATS	↑	→	→	3.2%	28%		205	4 344	11.8	5%	0%
	NASDAQ OMX	→	→	→	0.7%	34%		52	3 549	28.4	5%	0%
CAC40	EURONEXT	↓	→	→	69.9%	56%	11.0	8 895	11 372	3.9	50%	28%
	CHI-X	↑	→	→	22.1%	54%		4 674	6 854	3.7	51%	10%
	TURQUOISE	↓	→	→	2.7%	59%		708	5 613	8.2	11%	0%
	BATS	↑	→	→	4.5%	51%		1 158	5 616	5.8	17%	0%
	NASDAQ OMX	↓	→	→	0.7%	52%		197	5 362		5%	0%
DAX	XETRA	↑	↑	↑	74.0%	48%	5.9	4 887	29 373	4.8	45%	26%
	CHI-X	↓	↓	↓	18.6%	49%		3 966	9 111	3.8	50%	11%
	TURQUOISE	→	→	→	2.3%	51%		596	7 615	9.4	7%	0%
	BATS	→	↓	↓	4.0%	49%		1 095	7 076	6.3	16%	0%
	NASDAQ OMX	→	→	→	0.6%	57%		174	6 286	11.0	4%	0%
	NYSE ARCA	→	→	→	0.4%	53%		126	6 748	10.4	7%	0%
FTSE 100	LSE	↓	↓	→	56.2%	38%	10.2	3 371	11 993	5.9	61%	21%
	CHI-X	↑	↑	↑	27.2%	36%		2 998	6 532	5.5	63%	14%
	TURQUOISE	→	→	→	3.9%	42%		539	5 260	8.7	32%	0%
	BATS	↑	↑	↓	10.2%	38%		1 398	5 247	6.5	43%	1%
	NASDAQ OMX	→	→	→	1.6%	35%		208	5 382	9.2	13%	0%
	NYSE ARCA	→	→	→	0.9%	38%		124	5 190	12.5	27%	0%
SLI (30)	SIX	↓	↓	↑	72.5%	36%	8.6	3 541	21 624	9.4	66%	44%
	CHI-X	↑	↑	→	16.8%	29%		1 510	11 757	8.4	50%	3%
	TURQUOISE	→	→	→	3.1%	31%		334	10 091	11.0	30%	0%
	BATS	↑	→	↓	6.5%	25%		691	10 262		33%	1%
	NASDAQ OMX	→	→	→	0.5%	29%		70	7 945	13.8	22%	1%
	NYSE ARCA	→	→	→	0.5%	29%		67	8 818	11.5	20%	0%
EUROSTOXX 50	CHI-X	→	→	↑	17.8%	63%		6 112	9 654	4.0	43%	10%
	TURQUOISE	→	→	→	2.5%	62%		991	8 325	8.0	13%	0%
	BATS	→	↓	↓	4.8%	59%		1 885	8 450	5.2	25%	1%
	NASDAQ OMX	→	→	→	0.6%	58%		311	6 793	16.0	21%	0%
	NYSE ARCA			→	0.3%	58%		193	7 339	7.8	12%	0%

Reference period: 1April to 30 April 2010

* Exclusive CA Cheuvreux – TAG

CONTACTS

CA Cheuvreux
Charles-Albert Lehalle
Head of Quantitative Research
+33 1 41 89 80 16
clehalle@cheuvreux.com

TAG
Pablo Garmon
Europe Business Development Manager
+44 207 788 7438
pgarmon@tagaudit.com

TAG

CHEUVREUX
CRÉDIT AGRICOLE GROUP

MONTHLY UPDATE **APRIL 2010**

Market Indicators

COMMENTS:

Given the recent spike of volatility, interpreting the figures is tougher than usual. We can however observe that the market reacted as expected under increased volatility: the bid-ask spread widens, activity (the number of trades) increases and the percentage of presence at the EBBO globally decreases.

We will comment on these events in more detail in May as we hope to extract some information about the nature of the new (i.e. high-frequency driven) liquidity.

Nevertheless, two main trends continue: on one hand, LSE's market share continues to decrease (by ca. 3.5%, shared between Chi-X and BATS), **as does SIX's market share on the SLI 30** (by 2.2%, shared among Chi-X, BATS and Turquoise), **and, on the other, Xetra's market share on the DAX is increasing** following implementation of a new fee schedule in March (almost 2% captured from Chi-X).

The main event of the month is **NASDAQ-OMX Europe's announcement that it is to close by the end of May!** Despite the quality and the range of the services offered by the MTF, this step — coming on the heels of the move between the LSE and Turquoise — is a sign that it is not that easy to gain and maintain a place among European operators. In addition, BATS anticipates it needs 10% market share to break even. This also reminds us that **there are more large operators (i.e., with more than 5% market share each) in Europe than in the US:** seven independents in Europe — NYSE Euronext, LSE Group/Turquoise, BATS, Xetra, Chi-X, SIX, and NASDAQ-OMX – vs. four in the US — NYSE, NASDAQ, BATS, and Direct Edge. **If we try to compare the two markets, it seems that Europe lacks dark pools** (more than 40 in the US, or around 10% of the market in all), but **the common themes in the calls for comments from the SEC in the US and the CESR in Europe is proof of the similarities between the two markets, including common issues**.

This is emphasised by the fact that NYSE Arca Europe is trying to offer some US names in Europe and Turquoise is advertising a similar offer. Even if these steps seem to raise some clearing and settlement issues, it is another sign of how close the markets' microstructures are and that they will probably continue to converge.

FUTURE TRENDS: In next month's issue, we will try to provide as much explanation as possible on the events related to the high level of volatility and its effects on liquidity in Europe.

The future of **these offers concerning listed US stocks is also important**. Besides we will try to see what happens to NEURO's liquidity.

Lastly, we heard mention at TradeTech that GETCO plans to start up a European version of its US crossing engine.

DEFINITIONS:

Market share
For local main indices, this is the ratio of the venue's turnover over the sum of the turnover of all the four considered venues. For the Eurostoxx 50, it is the ratio of the venue's turnover over the sum of the turnover of all venues trading Eurostoxx 50 components.

Coverage
This indicator is inspired by the "inequality measure", also called the Pareto principle or the 80:20 rule: when 80% of an activity is concentrated on 20% or less of its players, this activity is clearly not well balanced. The coverage indicator assesses the "20%" part of this rule of thumb for exchanges. The closest to 80% it is, the more the venue offers balanced liquidity from one stock to another.

Auction liquidity
This is the ratio of the proportion of the turnover traded during auctions by the typical time ratio between the continuous auction phase (generally 8½ hours) and the fixing auctions (usually two 5-minute phases), which is less than 2%. It is only available for primary exchanges. The higher it is, the more turnover one will find during auctions.

Average daily number of trades
The higher it is, the more chance an investor has to be present when a trade happens. *Contrary to block venues, the granularity of a venue is a must to attract different order flows.*

Average trade size (ATS)
Mean trading size in euros. This can be considered as the "natural size" of orders on the venue.

Bid-Ask Spread (Volume Weighted Average Spread)
The average spread when a trade occurs, weighted by the turnover of the trade. It is the bid-ask spread from the liquidity provider's point of view.

% Time at EBBO at Best Bid and Offer
This is the proportion of the day during which the venue offers a spread equal to the EBBO.

% Time at EBBO at Best Bid and Offer with Greatest Size
This is the proportion of the day during which the venue offers the greatest sizes at a spread equal to the EBBO.

CONTACTS

CA Cheuvreux
Charles-Albert Lehalle
Head of Quantitative Research
+33 1 41 89 80 16
clehalle@cheuvreux.com

TAG
Pablo Garmon
Europe Business Development Manager
+44 207 788 7438
pgarmon@tagaudit.com

TAG

CHEUVREUX
CRÉDIT AGRICOLE GROUP