

# MARKET INDICATORS



		THREE-MONTH TREND	ONE-MONTH TREND	TWO-WEEK TREND	MARKET SHARE	COVERAGE (80%)*	AUCTION LIQUIDITY*	AVG DAILY NO. of TRADES	Average Trading Size (ATS)	Bid-ASK Spread (VWAS in bp)	% time at BEST BID & OFFER*	% time at BEST BID & OFFER with greatest size*
<b>AEX</b>	EURONEXT	↓	↓	↓	71.0%	41%	6.3	5 867	11 246	5.6	45%	26%
	CHI-X	↑	↑	↑	20.8%	37%		2 767	6 974	4.8	50%	14%
	TURQUOISE	↓	→	→	3.5%	43%		566	5 783	7.9	11%	0%
	BATS	→	↑	↑	3.9%	26%		583	6 151	6.3	11%	0%
	NASDAQ OMX	→	→	→	0.8%	42%		138	5 359	11.1	3%	0%
<b>BEL20</b>	EURONEXT	↓	↓	↓	75.9%	35%	8.1	2 510	8 232	7.4	48%	34%
	CHI-X	↑	↑	↑	17.9%	22%		901	5 418	6.6	27%	7%
	TURQUOISE	→	→	→	2.6%	28%		151	4 747	17.4	4%	0%
	BATS	→	→	↑	2.7%	20%		163	4 570	13.6	4%	0%
	NASDAQ OMX	→	→	→	0.7%	31%		45	4 442	15.2	5%	1%
<b>CAC40</b>	EURONEXT	↓	↓	↓	70.6%	55%	10.1	7 417	11 571	4.9	41%	22%
	CHI-X	↑	↑	↑	21.1%	52%		3 921	6 550	4.3	53%	13%
	TURQUOISE	↓	→	→	3.4%	61%		750	5 441	7.2	10%	0%
	BATS	→	→	↑	3.7%	44%		825	5 419	5.9	12%	0%
	NASDAQ OMX	→	→	→	1.2%	56%		292	5 185	10.2	8%	0%
<b>DAX</b>	XETRA	↓	↓	↓	71.4%	51%	5.3	4 730	23 806	6.2	36%	20%
	CHI-X	↑	↑	↑	20.5%	51%		3 995	8 102	4.5	52%	14%
	TURQUOISE	↓	→	→	2.8%	59%		672	6 645	9.8	7%	0%
	BATS	↑	↑	↑	4.4%	47%		1 103	6 333	7.5	23%	1%
	NASDAQ OMX	→	→	→	0.8%	58%		219	5 743		6%	0%
<b>FTSE 100</b>	LSE	↑	↓	↓	61.2%	39%	5.3	3 763	10 932	7.5	55%	23%
	CHI-X	↑	↑	↑	25.3%	37%		2 950	5 777	5.8	58%	13%
	TURQUOISE	↓	↓	→	4.0%	43%		593	4 534	9.3	22%	0%
	BATS	→	→	→	8.0%	37%		1 144	4 692	6.7	36%	1%
	NASDAQ OMX	→	→	→	1.5%	39%		255	3 914	10.4	14%	1%
<b>SLI (30)</b>	SIX	↓	↓	↓	80.2%	36%	6.8	3 737	21 062	9.3	59%	43%
	CHI-X	↑	↑	↑	12.5%	31%		1 192	10 279	9.2	40%	2%
	TURQUOISE	↓	→	→	3.0%	34%		367	8 283	12.9	22%	1%
	BATS	↑	↑	↑	3.5%	33%		454	7 729		31%	2%
	NASDAQ OMX	→	→	→	0.9%	31%		116	7 621	14.4	18%	1%
<b>EUROSTOXX 50</b>	CHI-X	↑	↑	↑	15.4%	62%		3 294	8 837	4.5	42%	9%
	TURQUOISE	↓	→	→	2.4%	62%		535	7 828	7.8	10%	0%
	BATS	↑	↑	↑	4.3%	57%		1 029	7 813	5.8	24%	2%
	NASDAQ OMX	→	→	→	0.7%	59%		170	6 439	16.4	5%	0%

Reference period: 1 January to 31 January 2010

\* Exclusive CA Cheuvreux – TAG

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## COMMENTS:

As mentioned in our December 2009 comment, the long-term trend is back: fragmentation continued in January. The three arrows (three-month trend, one-month trend, and last half of the month against first half of the month) clearly show an impressive pattern: down down down for primary markets, and up up up for Chi-X. BATS also succeeded in improving its market share, even if its trend is not as regular as that for Chi-X. Chi-X now has almost 16% of total market share, and is already the leading venue by turnover. On Friday 29 January, Chi-X overtook the LSE. We also noted a much steeper slope in the second half of the month, probably due to new entrants on BATS and Chi-X.

On the FTSE 100, Chi-X's average last week stood at 27%, and it exceeded 50% of volumes on the LSE. One might ask why the reference price should stay on the LSE if this trend continues.

**Spreads:** Most Chi-X and BATS bid-ask spreads improved, confirming that there is a direct correlation between spread and market share. This past month it could have been caused by new very active traders (HFT) on MTFs.

**Fact of the month:** Nomura's crossing engine has become a regulated MTF. This theoretically improves post-trade transparency, but as long as there are still double-counting issues in post-trade reports, this is not that useful. With high-frequency orders blurring pre-trade transparency and without any clean post-trade tape, it is becoming increasingly difficult every month to optimise trading without heavy technological investments.

**Future Trends:** We do not see any reason for major changes. We will look closely at a new potential entrant in the MTF arena: Getco. BATS is going to offer a Smart Order Routing service, just as NASDAQ is currently offering one; this may be a good way to convince mono trading destination investors to switch to multi venues, but the market share of NASDAQ-OMX does not show such a tool having a clear impact.

## 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 trading 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.

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