

MARKET INDICATORS



		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*
AEX	EURONEXT	73.3%	46%	6.9	5 157	9 148	5.9	36%	21%
	CHI-X	18.5%	38%		2 056	5 777	5.8	38%	14%
	TURQUOISE	3.5%	48%		401	5 637	11.6	9%	1%
	BATS	4.3%	47%		555	4 940	7.0	18%	3%
	NASDAQ OMX	0.4%	38%		67	3 812	9.7	1%	0%
BEL20	EURONEXT	82.6%	38%	6.3	2 737	6 835	8.3	53%	40%
	CHI-X	11.3%	28%		523	4 907	8.6	17%	5%
	TURQUOISE	2.7%	24%		122	5 071	13.5	5%	1%
	BATS	3.0%	10%		156	4 560	7.8	3%	0%
	NASDAQ OMX	0.4%	23%		25	3 830	11.6	2%	1%
CAC40	EURONEXT	73.0%	52%	9.9	7 456	10 378	5.4	31%	18%
	CHI-X	16.3%	49%		2 992	5 778	5.5	33%	10%
	TURQUOISE	3.7%	53%		643	6 015	12.7	8%	1%
	BATS	6.2%	47%		1 235	5 319	6.2	19%	4%
	NASDAQ OMX	0.8%	39%		175	4 824	11.6	3%	1%
DAX	XETRA	76.5%	48%	6.0	4 311	20 869	6.5	25%	15%
	CHI-X	15.0%	47%		2 556	6 910	5.2	42%	15%
	TURQUOISE	3.8%	49%		598	7 515	10.7**	10%	1%
	BATS	4.1%	43%		693	7 029	6.4**	10%	1%
	NASDAQ OMX	0.5%	39%		127	4 267	8.9	3%	1%
FTSE 100	LSE	69.3%	38%	4.8	4 162	12 011	8.1	68%	27%
	CHI-X	19.3%	38%		2 307	5 286	8.0	61%	12%
	TURQUOISE	5.6%	38%		669	5 272	13.6	36%	2%
	BATS	5.0%	35%		643	4 862	8.6	41%	2%
	NASDAQ OMX	0.8%	34%		147	3 324	10.0	15%	0%
SLI (30)	SIX	86.1%	41%	7.3	3 451	17 345	8.9	35%	29%
	CHI-X	7.6%	43%		737	9 778	11.1	22%	6%
	TURQUOISE	5.7%	28%		368	11 112	11.8	25%	7%
	BATS	0.5%	36%		110	7 023	NA	4%	1%
	NASDAQ OMX	0.2%	19%		38	9 344	15.8	4%	1%
EUROSTOXX 50	CHI-X	12.4%	55%		3 736	7 886	5.5	37%	11%
	TURQUOISE	3.3%	54%		806	8 400	15.4	10%	2%
	BATS	3.4%	51%		1 428	7 238	9.0	20%	2%
	NASDAQ OMX	0.3%	46%		178	4 790	NA	3%	1%

** Volkswagen has been removed from the DAX30 for Turquoise and BATS this month (see comments)

Reference period: 1 June 2009 to 30 June 2009

* Exclusive CA Cheuvreux - TAG

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COMMENTS:

The market share of the primary markets continues to fall on the indices in consideration (-2.6% this month), as **Chi-X is now not only among the top MTFs but is also starting to compete with the primary markets themselves.** In June, Chi-x became the third destination by turnover, before Deutsche Börse, and we expect it to continue its expansion, having outperformed in most of the segments it covers. We also saw a difference in June between Bats and Turquoise. At the end of May they were both close to 3.5%. At the end of June Turquoise was close to 4%, while Bats was close to 3.4% (are we seeing the limits of the aggressive liquidity rebates?). Swx was the last market to break the 10% fragmentation barrier, with Chix-x doing well reinforced by its good coverage of 43%, better than in primary.

As an illustration, Chi-X offered a better BBO than primary markets on the AEX, the CAC40 and the DAX in June. Deterministically, this captures aggressive orders passing through a SOR (since the orderbook snapshots favour Chi-X).

The bid-ask spread continues to decrease (-1bp this month). This can be attributed to a decrease of intra-day volatility, but **could also be a virtuous effect of fragmentation as it lowers the implicit costs of crossing the spread.**

If the effect of **the special pricing of BATS in June is obvious**, it has not had a long-term effect, as the beginning of July shows that the increase of BATS market share is more a blip than a trend.

Because of the especially high uncertainty over Volkswagen, we have had to exclude it from the bid-ask spread calculation for the DAX. Including it in the computations would have artificially increased the spread on BATS and Turquoise, where Volkswagen's the spreads are erratic most of the time.

Future Trends: The increase of Chi-X market shares that was expected last month took place. We do not expect to see a stop in the decrease of primary market share, that has been observed for the past several months

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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