

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%	44%	6.4	6393	11 279	6.6	51%	32%
	CHI-X	18%	36%		2373	7 257	6.0	41%	8%
	TURQUOISE	5%	49%		777	5 721	9.3	19%	2%
	BATS	4%	26%		623	5 929	7.2	14%	1%
	NASDAQ OMX	1%	44%		206	4 605	-	-	-
BEL20	EURONEXT	79%	36%	6.5	2858	8 425	9.2	55%	39%
	CHI-X	15%	36%		811	5 607	8.9	29%	8%
	TURQUOISE	3%	30%		179	4 869	13.5	4%	0%
	BATS	3%	19%		185	5 008	13.1	5%	1%
	NASDAQ OMX	1%	22%		50	4 636	-	-	-
CAC40	EURONEXT	73%	55%	8.9	8187	11 712	5.4	41%	25%
	CHI-X	17%	54%		3208	6 828	5.4	43%	9%
	TURQUOISE	5%	59%		1075	6 162	8.2	17%	1%
	BATS	4%	50%		809	6 258	7.3	12%	1%
	NASDAQ OMX	1%	48%		337	4 887	-	-	-
DAX	XETRA	74%	50%	5.1	4433	25 253	6.8	26%	16%
	CHI-X	18%	48%		3568	7 811	4.7	48%	17%
	TURQUOISE	4%	54%		869	6 628	9.5	11%	1%
	BATS	3%	41%		779	6 628	9.2	10%	1%
	NASDAQ OMX	1%	53%		249	4 067	-	-	-
FTSE 100	LSE	61%	43%	5.7	3712	10 552	7.9	60%	25%
	CHI-X	24%	39%		2691	5 660	6.4	64%	15%
	TURQUOISE	6%	45%		795	4 731	9.7	33%	3%
	BATS	8%	38%		1061	4 882	7.1	38%	1%
	NASDAQ OMX	2%	36%		275	4 516	-	-	-
SLI (30)	SIX	81%	39%	7.2	3077	22 805	10.5	32%	27%
	CHI-X	12%	32%		960	11 259	10.4	42%	16%
	TURQUOISE	5%	31%		408	9 727	12.5	18%	2%
	BATS	2%	18%		184	9 649	-	10%	1%
	NASDAQ OMX	1%	31%		97	7 484	-	-	-
EUROSTOXX 50	CHI-X	13%	61%		5068	8 843	5.1	50%	14%
	TURQUOISE	3%	60%		1413	7 786	8.1	21%	1%
	BATS	4%	59%		1905	7 342	7.3	29%	2%
	NASDAQ OMX	1%	53%		360	5 562	-	-	-

Reference period: 1 October to 31 October 2009

* Exclusive CA Cheuvreux - TAG

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COMMENTS:

Chi-X is still the frontrunner in the fight for liquidity, especially on LSE stocks, but its market share has improved on every segment we monitor. The LSE, with a 4% decline in volumes, is the primary market most affected by the recent improvement in the Chi-X offer. On FTSE 100 stocks, Chi-X achieved a volume of 23% on average for October, with a daily volume of more than 25% by the end of the month. BATS has benefited from its special pricing, the main effect of which is an incentive for newcomers to connect. This is not merely a way to immediately increase market share, but also a sustainable positive trend. While **there was undoubtedly an increase in volumes traded (+25%)**, it is difficult to determine the real cause: quarterly results announcements, capital increases by banks, the intensity of cross-trading destination arbitrage, real underlying growth trends, or some combination thereof? **Once more, the LSE suffered more than other primary markets.**

With regard to the best bid offer, Chi-X has now beaten several main markets in terms of the % of time at the EBBO and the Bid-Ask spread. Furthermore, the German market is also paving the way for this change on the metric of % of time at the EBBO with the greatest size.

Looking at a weekly analysis of market share trends, **we see that during the second and fourth weeks of October, the LSE already fell below the 60% threshold of total volume on FTSE 100 stocks.** We can also see that during the third week of each month, primary markets enjoy an automatic increase in their market share due to the expiration date of futures and options on the third Friday of the month. One question is whether this will still be the case when primary markets fall below the 50% threshold.

NYSE ARCA Europe and Quote have so far failed to attract the minimum 1% market share required to be part of these statistics.

Future trends: BATS needs to confirm its UK market share. Xetra International Market was launched on 1 November, with three Euronext segments. While we do not expect this new challenger to create major waves in the next few weeks, in the future it may grab some market share. LSE's exclusive talks to buy Turquoise are still pending: such a transaction could allow the LSE to build up a liquidity offer on a European scale.

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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