

MONTHLY UPDATE SEPTEMBER 2009

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	74.7	48.00	6.5	5596	10 855	6.1	53.0	35%
	CHI-X	15.9	39.00		1852	6 997	6.0	38.0	6%
	TURQUOISE	4.5	53.00		660	5 593	15.8	19.0	2%
	BATS	4.2	26.00		556	6 076	9.5	16.0	1%
	NASDAQ OMX	0.7	45.00		133	4 083	25.6	-	-
BEL20	EURONEXT	81.0	32.00	6.1	3021	9 285	7.5	61.0	45%
	CHI-X	13.0	36.00		815	5 505	9.5	25.0	6%
	TURQUOISE	3.0	28.00		199	5 144	30.4	5.0	1%
	BATS	2.6	14.00		182	5 094	34.1	3.0	1%
	NASDAQ OMX	0.4	26.00		38	4 268	-	-	-
CAC40	EURONEXT	74.5	57.00	9.7	7821	11 469	5.1	45.0	28%
	CHI-X	15.3	53.00		2850	6 473	5.0	39.0	7%
	TURQUOISE	5.0	61.00		1018	5 866	13.1	17.0	1%
	BATS	4.2	43.00		836	6 091	16.4	14.0	2%
	NASDAQ OMX	1.0	59.00		282	4 575	-	-	-
DAX	XETRA	76.1	53.00	5.4	4354	24 700	6.8	28.0	18%
	CHI-X	16.1	48.00		3023	7 525	4.4	45.0	16%
	TURQUOISE	4.0	55.00		874	6 548	12.0	11.0	1%
	BATS	3.3	43.00		741	6 383	-	10.0	1%
	NASDAQ OMX	0.5	53.00		180	3 904	-	-	-
FTSE 100	LSE	65.1	44.00	6.2	3400	12 103	7.1	64.0	29%
	CHI-X	19.7	42.00		2020	5 496	8.1	62.0	10%
	TURQUOISE	6.6	48.00		801	4 674	16.2	39.0	2%
	BATS	7.2	42.00		889	4 583	12.4	45.0	1%
	NASDAQ OMX	1.4	32.00		171	4 701	-	-	-
SLI (30)	SIX	82.1	38.00	7.8	2880	22 043	9.1	38.0	34%
	CHI-X	10.5	36.00		940	10 758	10.1	40.0	13%
	TURQUOISE	5.6	31.00		433	10 257	15.9	24.0	5%
	BATS	1.2	31.00		128	8 528	-	6.0	2%
	NASDAQ OMX	0.6	32.00		82	8 237	-	-	-
EUROSTOXX 50	CHI-X	11.6	62.00		3816	7 973	4.7	49.0	12%
	TURQUOISE	3.4	58.00		1211	6 750	16.3	22.0	2%
	BATS	3.3	56.00		1266	6 594	18.9	30.0	2%
	NASDAQ OMX	0.5	53.00		325	4 647	-	-	-

CONTACTS

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Reference period: 1 September to 30 September 2009

* Exclusive CA Cheuvreux - TAG

COMMENTS:

If fragmentation appears to decrease on the CAC 40 and DAX indices, it is not the case on the FTSE100: in the first days of October, LSE's market share was close to 60%, 3 months in advance of our last expectation. Euronext and Xetra succeeded in tightening their BBO in September (one basis point gain for Euronext on the CAC40!) : this undoubtedly contributed to the pause in the decline of their market shares. Elsewhere, the impact of BATS special pricing allowed a market share gain of 3% on the FTSE 100.

The main reasons for Euronext and Deutsche Borse's market share recovery in September is the exceptional volumes on 18 September, with some indices component changes generating automatic portfolio rebalances.

Finally, **LSE's pricing scheme penalizing SORs and high frequency trading did not help this exchange protect its market shares.** Neither did it have any impact on their ATS; the explanation lies in the fact that the size of passive orders is the main determinant of the ATS (and not the size of the aggressive orders).

Future Trends: If LSE's exclusive talks to buy Turquoise are successful this could change the landscape definitively. Last time BATS offered a special pricing scheme, most of its market share gain disappeared rapidly, we wonder if this will happen again. On the FTSE 100, the numbers for the first few days of October show an improvement in Chi-X's market share.

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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