



		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	↓	↓	↓	66.6%	44%	8.1	5 451	9 773	4.4	63%	34%
	CHI-X	↑	↑	→	23.6%	38%		3 149	6 011	4.3	55%	9%
	TURQUOISE	↑	→	↑	3.5%	40%		643	5 034	8.8	20%	0%
	BATS	→	→	→	6.4%	32%		1 061	4 826	5.5	27%	0%
BEL20	EURONEXT	↓	↓	↑	68.6%	39%	9.3	2 306	7 592	5.8	55%	37%
	CHI-X	↑	↑	↓	23.8%	26%		1 339	4 574	5.6	53%	8%
	TURQUOISE	→	↓	→	3.6%	25%		263	4 041	-	18%	1%
	BATS	→	→	→	3.9%	26%		310	3 237	13.0	17%	1%
CAC40	EURONEXT	↓	↓	↓	69.2%	57%	10.5	8 416	9 347	4.2	66%	39%
	CHI-X	↑	↑	→	22.0%	56%		4 319	5 792	4.1	54%	8%
	TURQUOISE	↑	→	→	3.3%	54%		952	4 557	14.2	21%	0%
	BATS	→	↑	→	5.4%	44%		1 268	4 872	6.8	24%	0%
DAX	XETRA	↑	↓	→	70.4%	50%	6.6	4 598	22 628	4.5	65%	37%
	CHI-X	↓	↑	↓	21.2%	50%		4 291	7 324	3.7	58%	7%
	TURQUOISE	→	→	↑	2.7%	52%		828	5 664	10.2	34%	1%
	BATS	↑	→	→	5.7%	49%		1 563	5 432	5.6	21%	1%
FTSE 100	LSE	↓	↓	↓	57.2%	42%	10.5	3 292	10 340	6.5	76%	32%
	CHI-X	↓	↑	↑	26.6%	37%		2 621	6 039	5.6	73%	10%
	TURQUOISE	→	↓	↑	4.7%	38%		646	4 967	9.7	37%	0%
	BATS	↑	↑	↑	11.6%	37%		1 303	5 286	6.7	57%	1%
SLI (30)	SIX	↓	↓	↑	69.1%	38%	8.8	3 173	19 674	8.7	77%	49%
	CHI-X	↑	↑	↓	18.7%	30%		1 734	9 931	7.6	67%	6%
	TURQUOISE	↓	→	→	3.2%	33%		393	8 323	11.6	43%	0%
	BATS	↑	→	→	8.5%	27%		844	9 146	8.3	55%	1%
EUROSTOXX 50	CHI-X	↑	↑	↓	17.7%	63%		5 144	7 428	4.1	49%	7%
	TURQUOISE	↑	→	→	2.2%	60%		1 102	5 693	11.1	18%	0%
	BATS	↑	→	→	6.0%	56%		2 269	6 450	5.2	29%	1%

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Reference period: 1 October to 31 October 2010

* Exclusive CA Cheuvreux – TAG

COMMENTS:

Trading **volumes decreased** slightly in October, down 5% compared to September. Despite a small improvement in indices, primary markets faced an unexpected decrease of their ATS, while the MTFs gained ground.

Two days showed special behaviour in terms of flow. Due to Columbus day on 11 October, which caused a lack of US order flow, volumes dropped to 70% of their normal levels. Indexes recovered on 15 October, generating high volumes to primary markets.

Fragmentation is up, with **higher volumes on MTFs**, reaching 26.7% of European flows this month.

Chi-X's market share increased by at least one point on every segment. Note that September figures for Chi-X were negatively affected by Quadruple Witching on 17 September, in addition to the fact that its turnover increased less than the market's over the month as a whole.

On the FTSE 100, October's winner is **BATS** topping 11.6% (+2,1%), followed by Chi-X with 26.6% (+1.3%).

Without Quadruple Witching on 17 September, the decrease in market shares of primary markets would not have been as sharp: on average 0.7% less than the level we observed. Normalising the figures (ie. excluding the Quadruple Witching effect), Xetra's market share was unchanged from September to October.

Dark pool volumes maintained their momentum reaching EUR18.2 billion over the month, amounting to 2.6% of lit European volumes.

Fact of the month: Two technical glitches were observed in October. The impact of Turquoise's migration to MillenniumIT technology was visible on several fronts during the first week. Its market share was down to less than 2.5%, and remained below 3% throughout the month. On Monday 4 October, an overnight internal network error prevented trading in the first hour. The positive aspect is a combination of 126 microseconds acknowledgement and a potential 3-fold increase in capacity of the volume handled.

NYSE Euronext stopped trading on 13 October with the main market being closed for one hour. Volumes were diverted to Chi-X and BATS, which reached their market share highs on the main Euronext indices: CAC40 (23.9% for Chi-X and 5.5% for BATS) and AEX (25.4% for Chi-X and 6.6% for BATS).

These two outages raise questions over the quality of service provided by primary markets, which should, in theory, be superior to that of the other pools as they mainly host the price formation process.

Future Trends: As previously noted, the LSE migration to MillenniumIT technology for the main UK order book has been postponed until the beginning of 2011. We will also have to pay special attention to BATS' SOR extension to Euronext and Deutsche Börse stocks.

The first international conference on the market microstructure will take place in Paris from 6 to 10 December 2010 (<http://market-microstructure.institutlouisbachelier.org>). Economists, statisticians, econophysicists and quants will share their viewpoints over the five-day event. There will be valuable insights for the industry to be gained. We will report back in the next issue.

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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