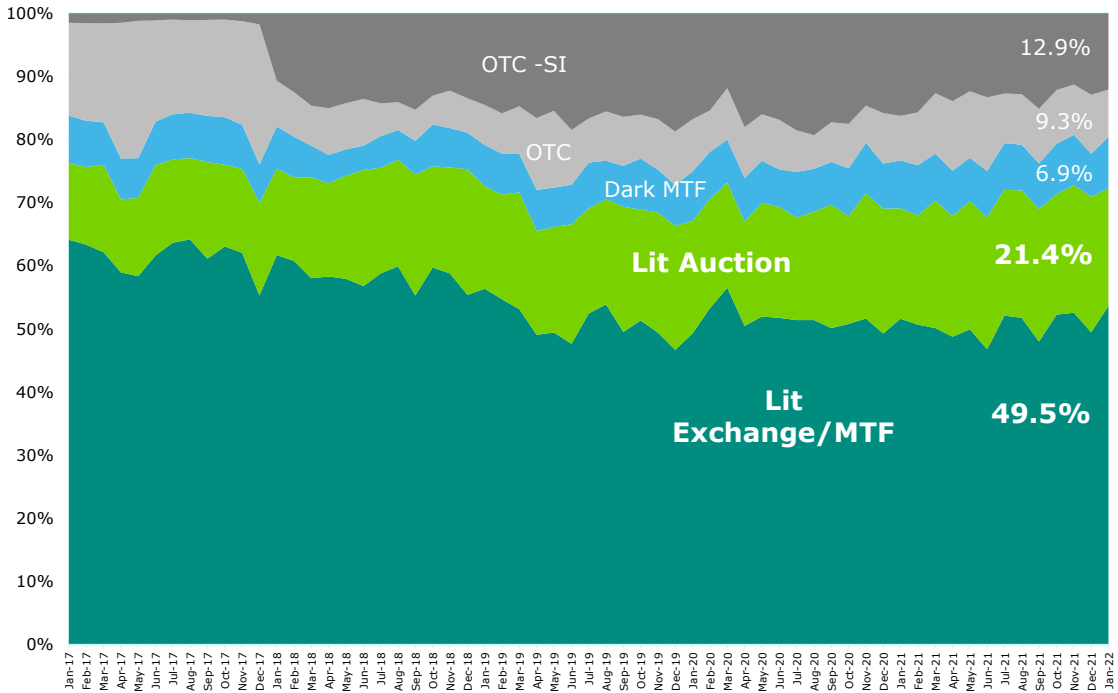



# Euronext Equity Trading Overview

FIX EMEA Trading Conference – 24th March 2022

# European equity market structure: breakdown of liquidity landscape

## Monthly value traded by liquidity category (%)




### How many execution channels in Europe?*

- **Primary Exchanges** ~ 12 venues
- **Lit MTF** ~ 6
- **Dark MTF** ~ 13
- **Periodic Auctions** ~ 7
- **ELP SIs** ~ 6

### Euronext harmonisation:

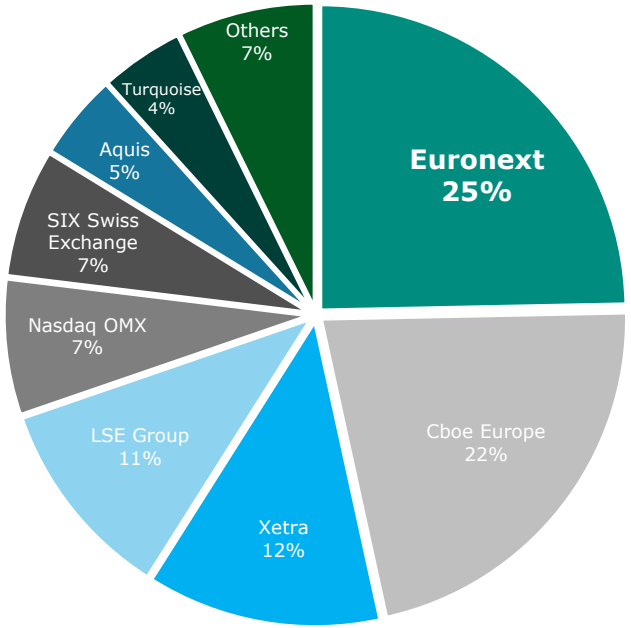
- **Optiq® trading platform** + harmonised rulebook
- **Data centre** relocation
- **Single clearing house** for the Group

EURONEXT

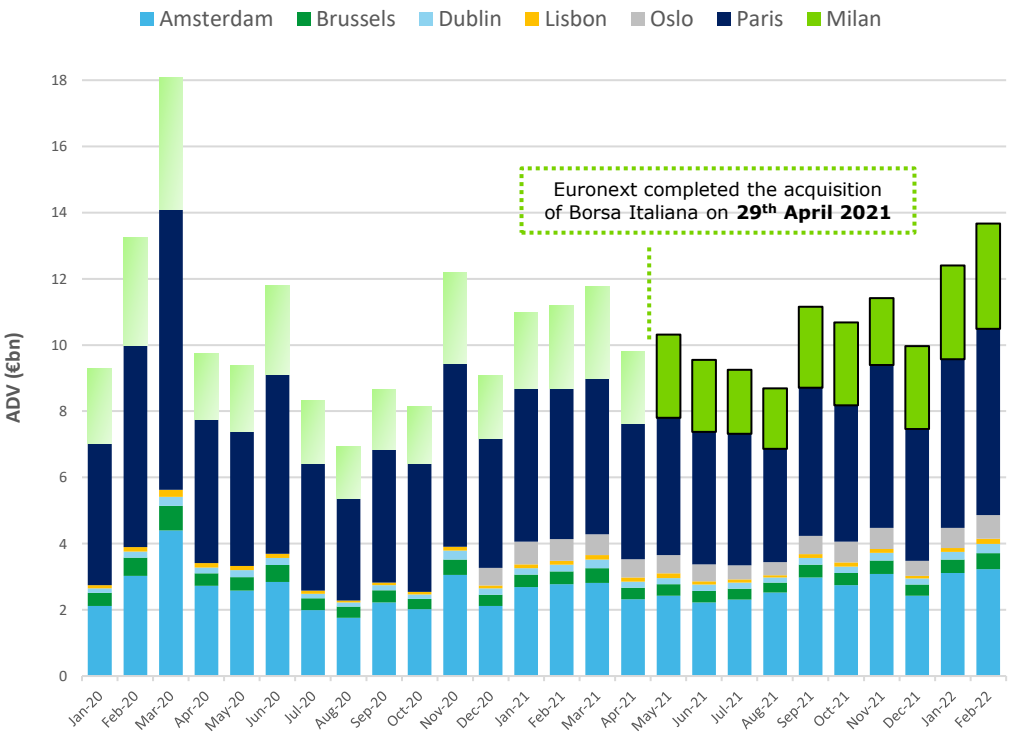
| Source: big xyt Liquidity Cockpit, July 2016 - January 2022. Adjusted volumes, regular hours
| *Rosenblatt mapping in 2021, excluding OTC flows and Bank SIs. EU and UK entities are considered as one

# Euronext: the largest pan-European equity Exchange by daily turnover

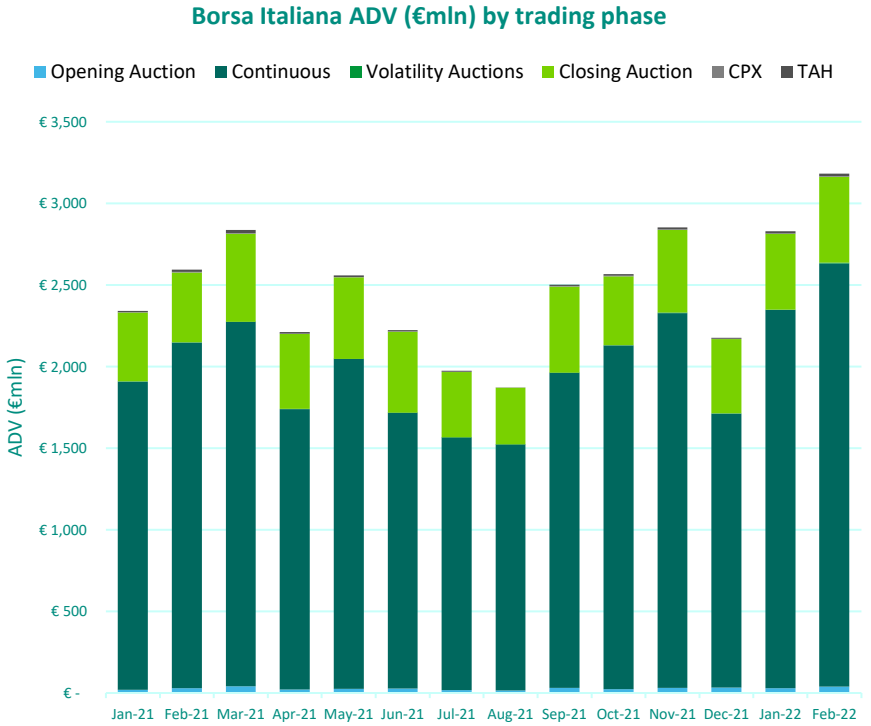
**25% market share** of on-Exchange equity trading in Europe with ~**€14bn ADV** in February 2022

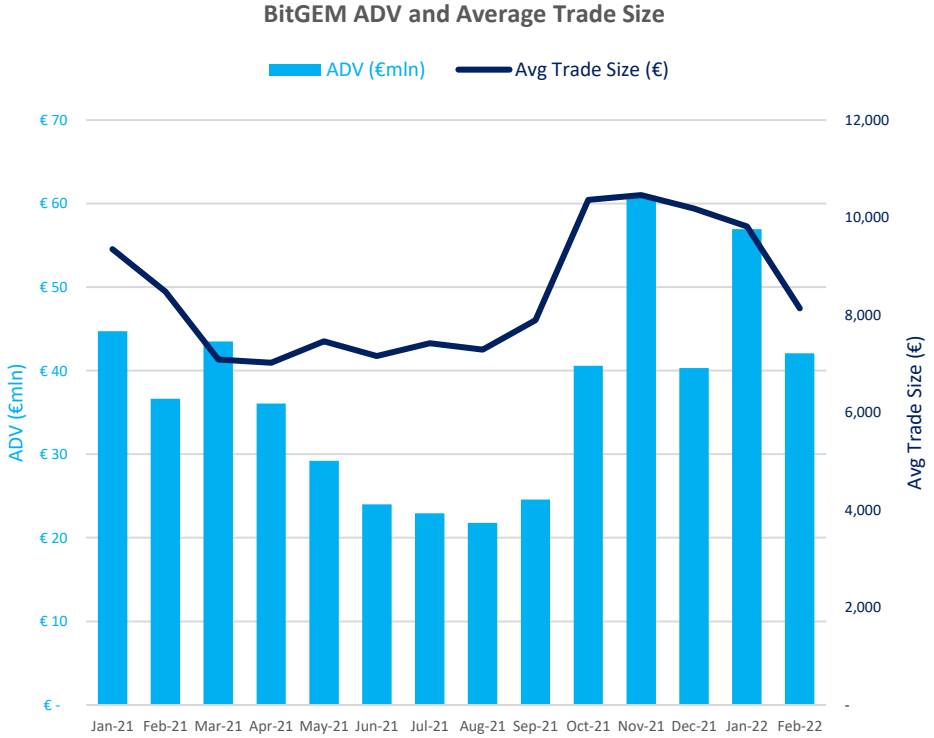



**Equity trading ADV (€bn) across Euronext markets**



# Borsa Italiana: turnover by trading phase (left) & figures on BitGEM (right)

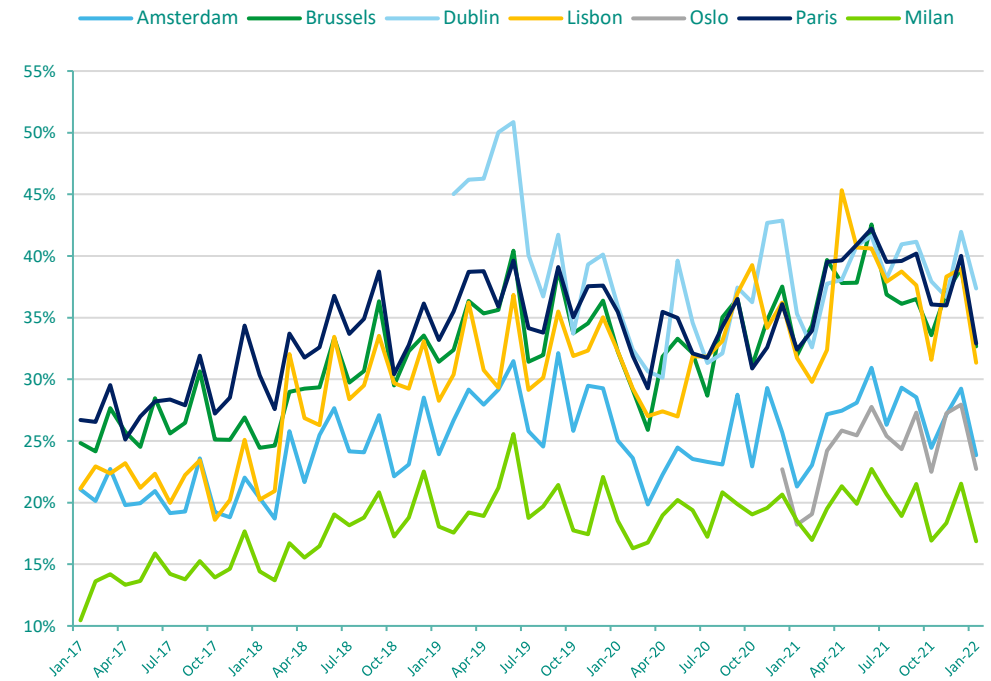


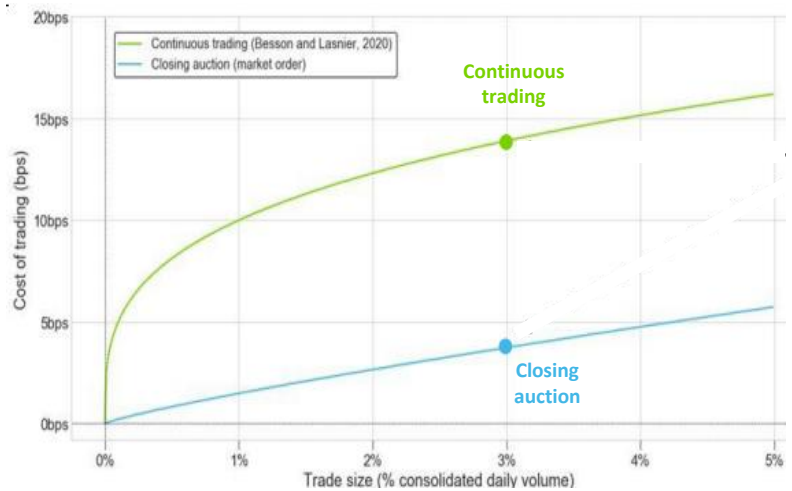

EURONEXT | Source: Euronext Group

# Closing Auction across Euronext Markets

**Percentage of monthly value traded during the Closing Auction across Euronext Markets (Jan 2017 – Jan 2022)**



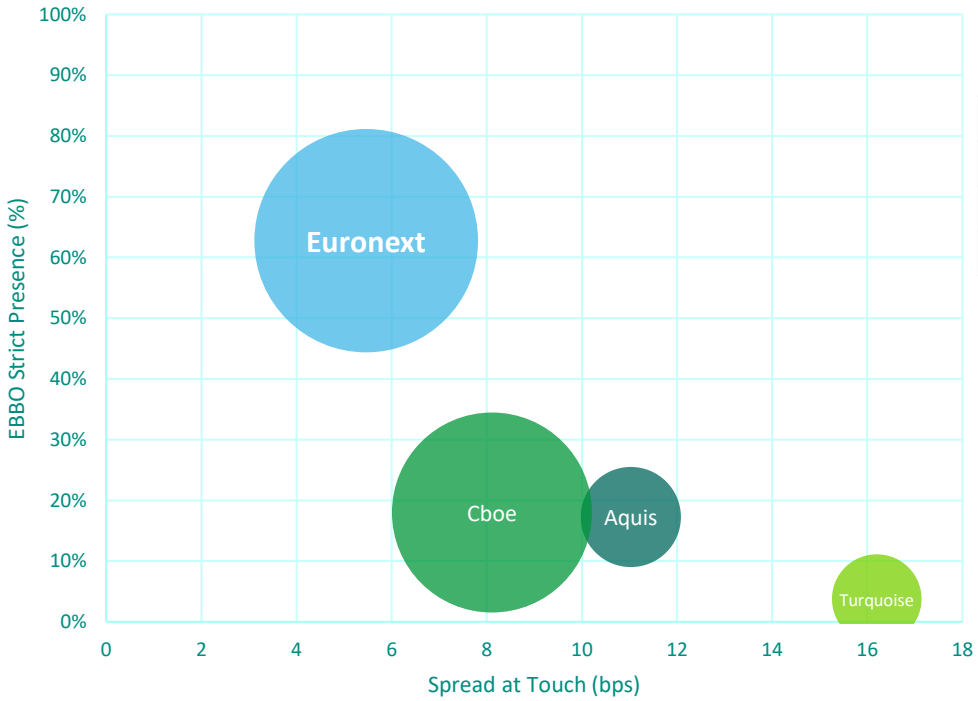

**"Better trading at the Close thanks to market impact models"**
Euronext Quantitative Research, January 2021




For a trade representing 3% of ADV, the avg **cost of trading** is:
**13.9 bps for Continuous trading** vs **3.7bps for Trading on Close**

EURONEXT | Source: Euronext Group

# Market quality: Spreads and EBBO Strict Presence




| | *X axis* | *Y axis* | *Bubble size* |
|---|---|---|---|
| | **Spread at Touch (bps)** | **EBBO Strict Presence (%)** | **Pan-European** Market Share (%)** |
| **Euronext*** | **5.5 bps** | **62.8%** | **~ 25%** |
| Cboe | 8.1 bps | 18.0% | ~ 22% |
| Aquis | 11.0 bps | 17.3% | ~ 5% |
| Turquoise | 16.2 bps | 3.8% | ~ 4% |

* **Euronext** Spread and Presence refer to the average figures for Euronext Amsterdam, Brussels, Dublin, Lisbon, Paris. Oslo and Milan are not included in this dataset yet.
Cboe refers to Cboe DXE. Aquis refers to Aquis Exchange Europe. Turquoise refers to Turquoise Europe.

** **Pan-European** market share does not sum up to 100% as it refers to equity trading market share considering all European venues (only on-Exchange, both Primaries and MTFs, both lit and dark) – slide 3

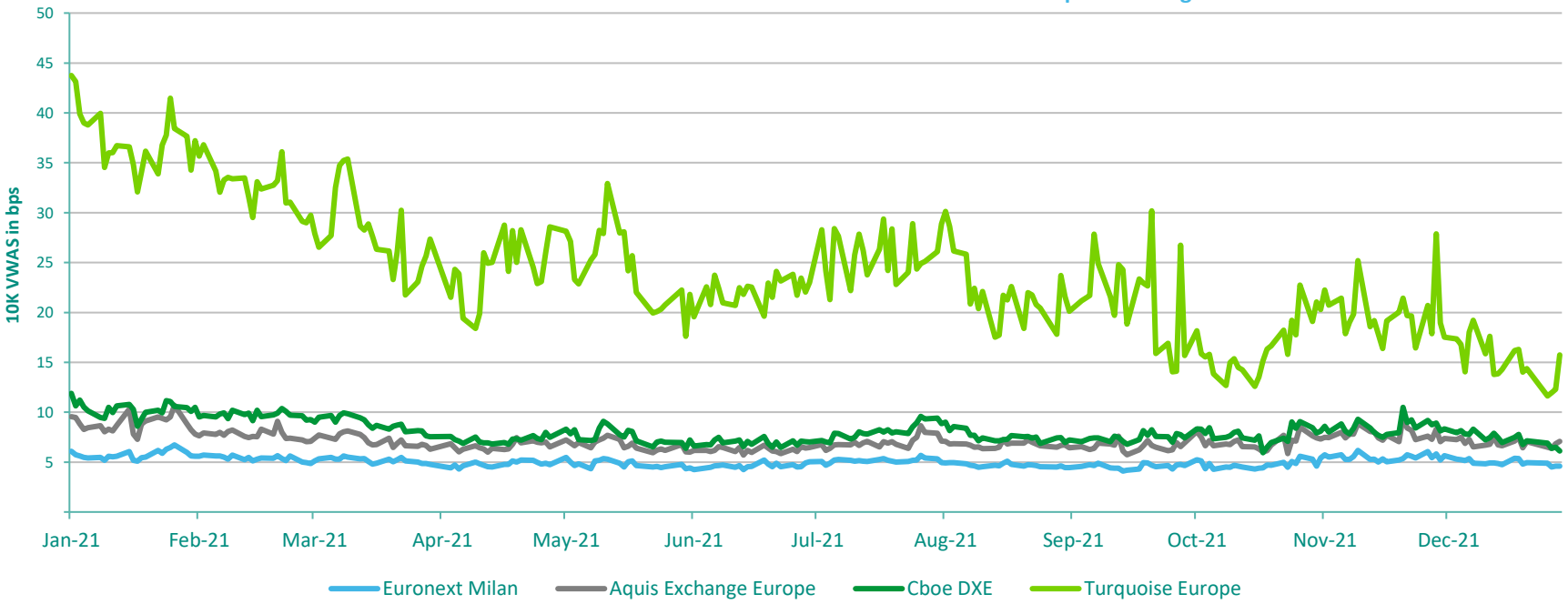
Source: Euronext Group and BMLL, January 2021 – February 2022. Stock universe: AEX, BEL20, ISEQ, PSI20, CAC40
Size of the bubbles is proportional to pan-European on-Exchange equity trading market share as of February 2022

# Market Spreads of Italian Blue Chips

| | Euronext Milan | Aquis | Cboe | Turquoise |
|---|---|---|---|---|
| 2021-Q1 | 5.4 bps | 8.0 bps | 9.7 bps | 32.9 bps |
| 2021-Q2 | 4.7 bps | 6.5 bps | 7.3 bps | 23.7 bps |
| 2021-Q3 | 4.8 bps | 6.8 bps | 7.7 bps | 23.2 bps |
| 2021-Q4 | 5.1 bps | 7.2 bps | 7.9 bps | 17.3 bps |

5bps on average → at least 40% lower than MTFs

## Spreads: 10K VWAS in bps – Italian Blue Chips



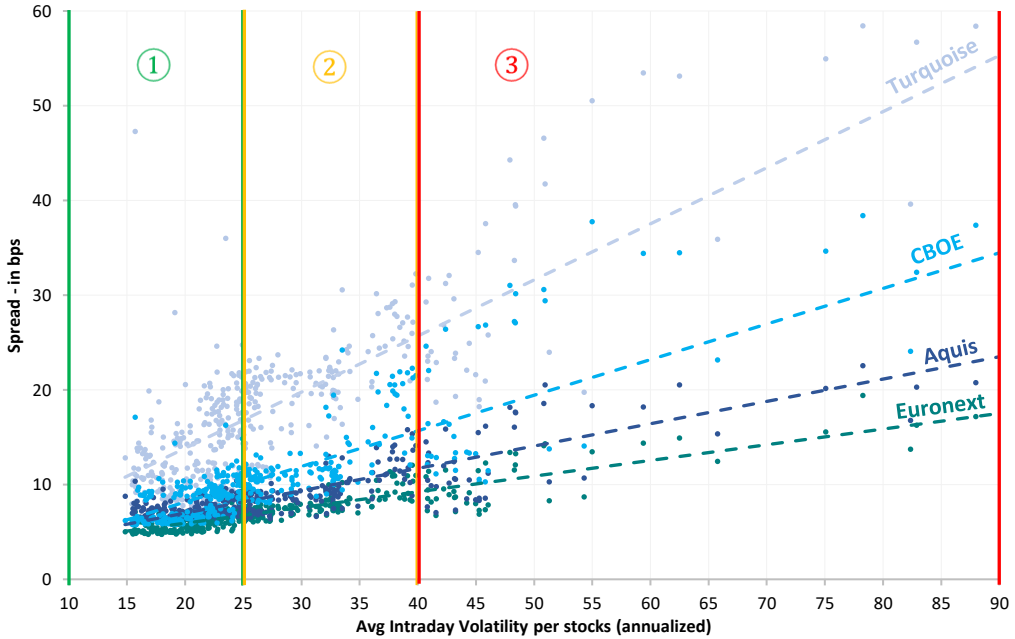

EURONEXT | Source: big xyt, Jan 2021 – Jan 2022. Average spreads of the Index are computed weighting by the value traded of its constituents

# Equity market quality in times of volatility

Market quality comparison under different volatility levels during the Covid crisis – focus on **Spread**

The higher the volatility, the higher the spread for each venue, but not to the same proportion

**The spread increase on Euronext is 41% smaller than on the best-performing MTF**




- We distinguish **three buckets of volatility** that highlight the different market conditions
  - ① : 0 to 25: Low to medium
  - ② : 25 to 40: Medium to high
  - ③ : Above 40: very high
- Even when volatility is low, the difference in spreads offered by venues on liquid securities is significant.
- This study highlights the importance of **Euronext liquidity programmes** in promoting a higher market quality than our competitors.

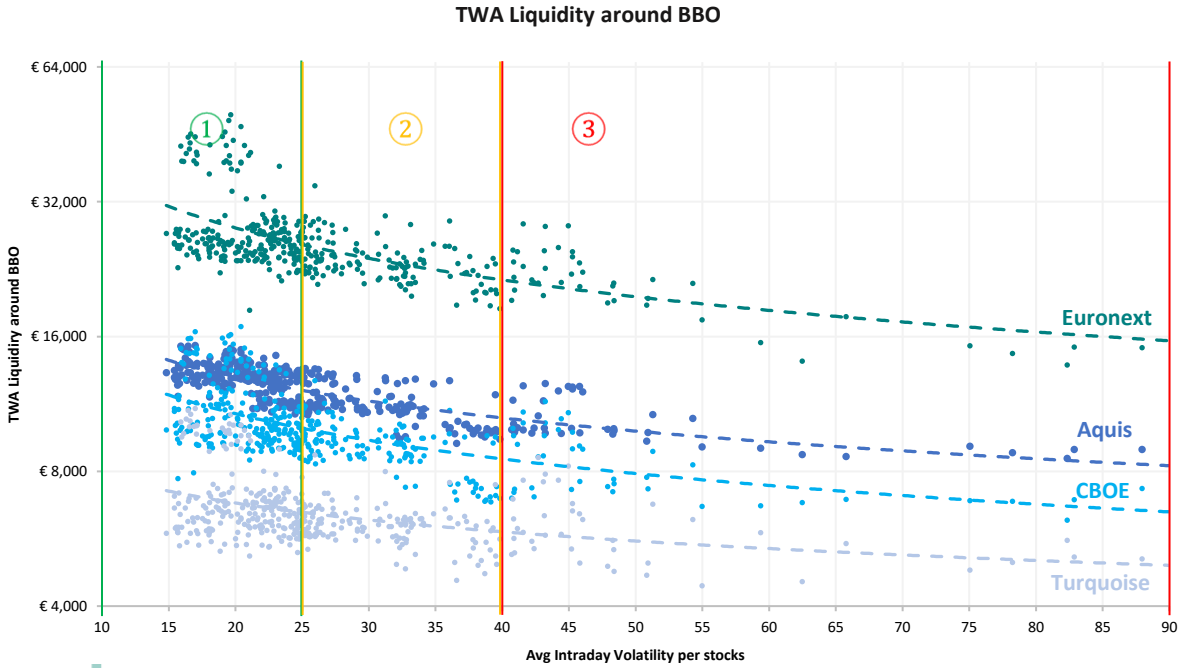
EURONEXT | Source: Euronext Market Quality Analysis – BMLL data for CAC40®, AEX® and BEL20® from 1st January 2020 to 9th September 2021

# Euronext: the place to trade when it matters

Market quality comparison under various volatility levels during Covid crisis – focus on **Liquidity at Touch**

The Time Weighted Average Liquidity around Best Bid & Offer decreases for each venue as soon as the volatility goes up

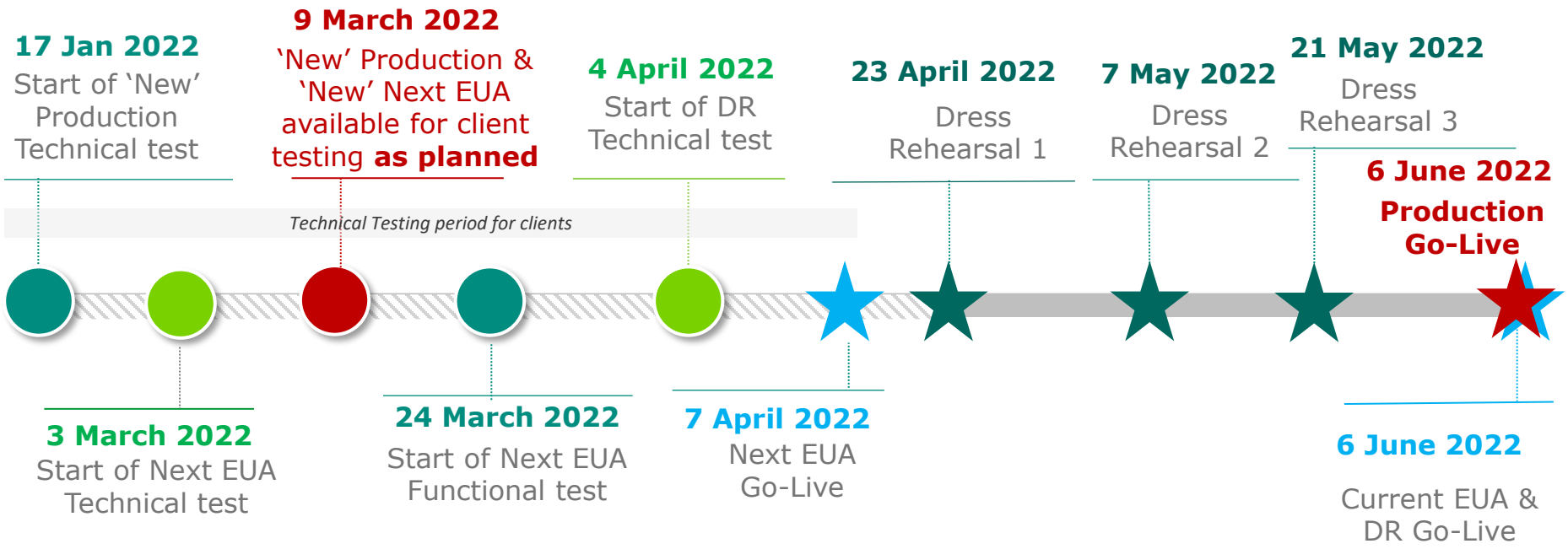
**The TWA Liquidity around BBO was 2x larger on Euronext than the best-performing MTF**




- Thanks to the efficiency of **Euronext Liquidity Programmes**, liquidity remains high on Euronext order book even during volatile periods.
- Setting aside 'black swan' events such as March 2020, Euronext's market quality remains **resilient in periods of high volatility** compared to its main competitors.

EURONEXT | Source: Euronext Market Quality Analysis – BMLL data for CAC40®, AEX® and BEL20® from 1st January 2020 to 9th September 2021

# Data Centre Migration project update



# Borsa Italiana Migration Timeline and Scope

Migration timeline as currently anticipated

0 **End of 2022 – Optiq® upgrades for Euronext's legacy clients**

1 **Q1.2023 – Cash: Equities (incl. MIV market) and ETF**

2 **Q2.2023 – Cash: Warrants & Certificates, Fixed Income and other Cash markets (including EuroTLX)**

3 **End Q2.2023 – Financial Derivatives, Energy Commodities**

- For our clients to experience a smooth migration of Borsa Italiana Markets onto Euronext systems according to the anticipated timeline, we kindly **encourage to secure time, resources and budgets in 2022 and 2023**. We are conscious of the efforts required from our clients and thank you in advance.
- Technical resources and capabilities will be required to configure and prepare systems to migrate and update connectivity links (for Italian and other Euronext markets).
- **MTS is not in scope for the migration.**




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