

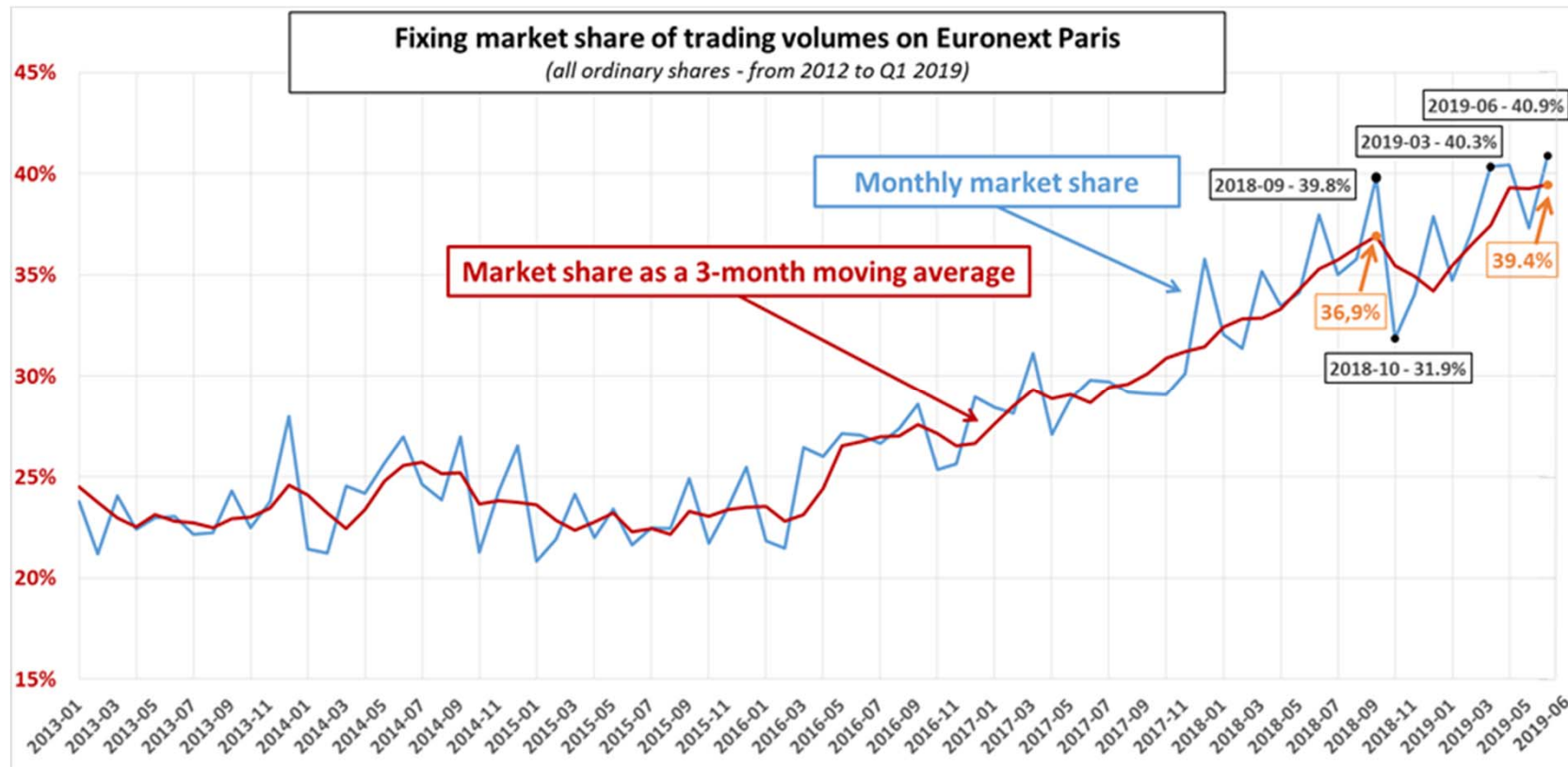


## ABOUT THE INCREASING PART OF CLOSING AUCTION (« FIXING »)



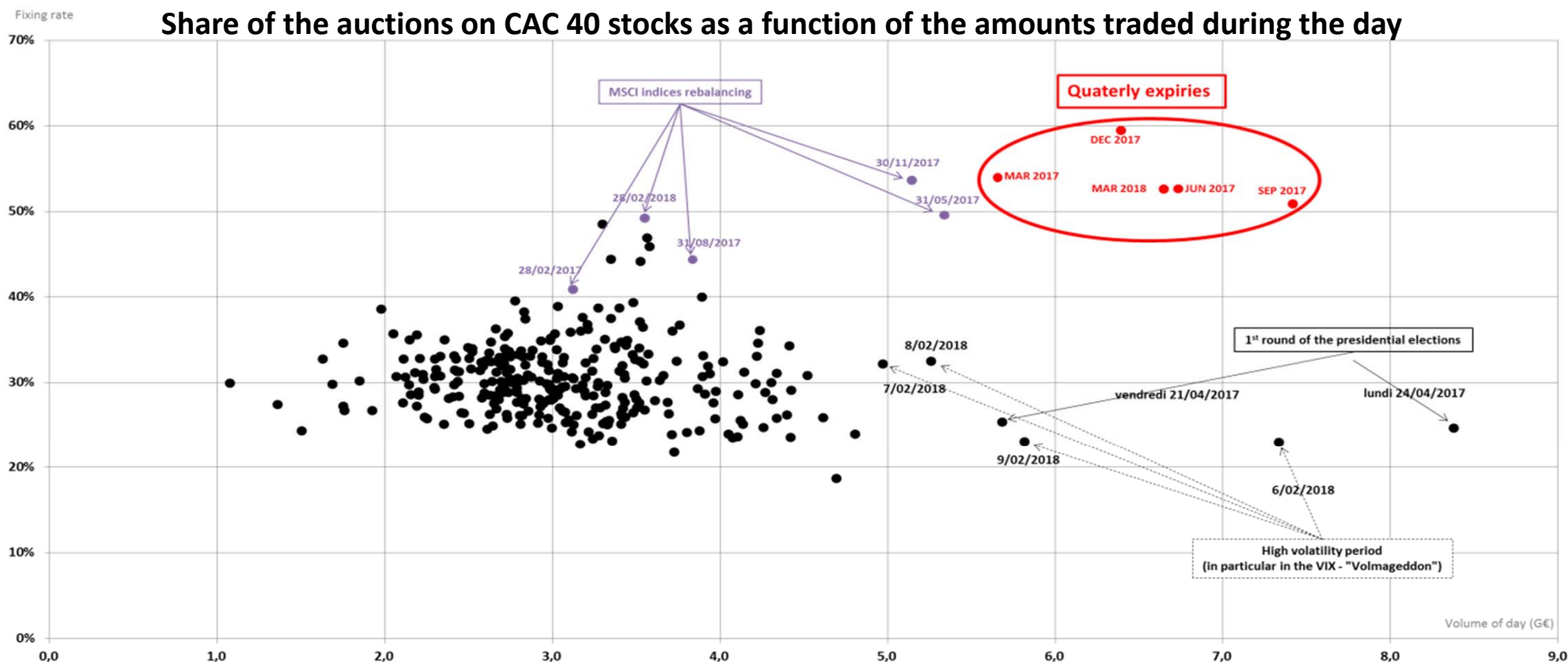
Alexandra GIVRY  
Autorité des marchés financiers

# In France : a spectacular growth since 2016



Source: AMF statistics

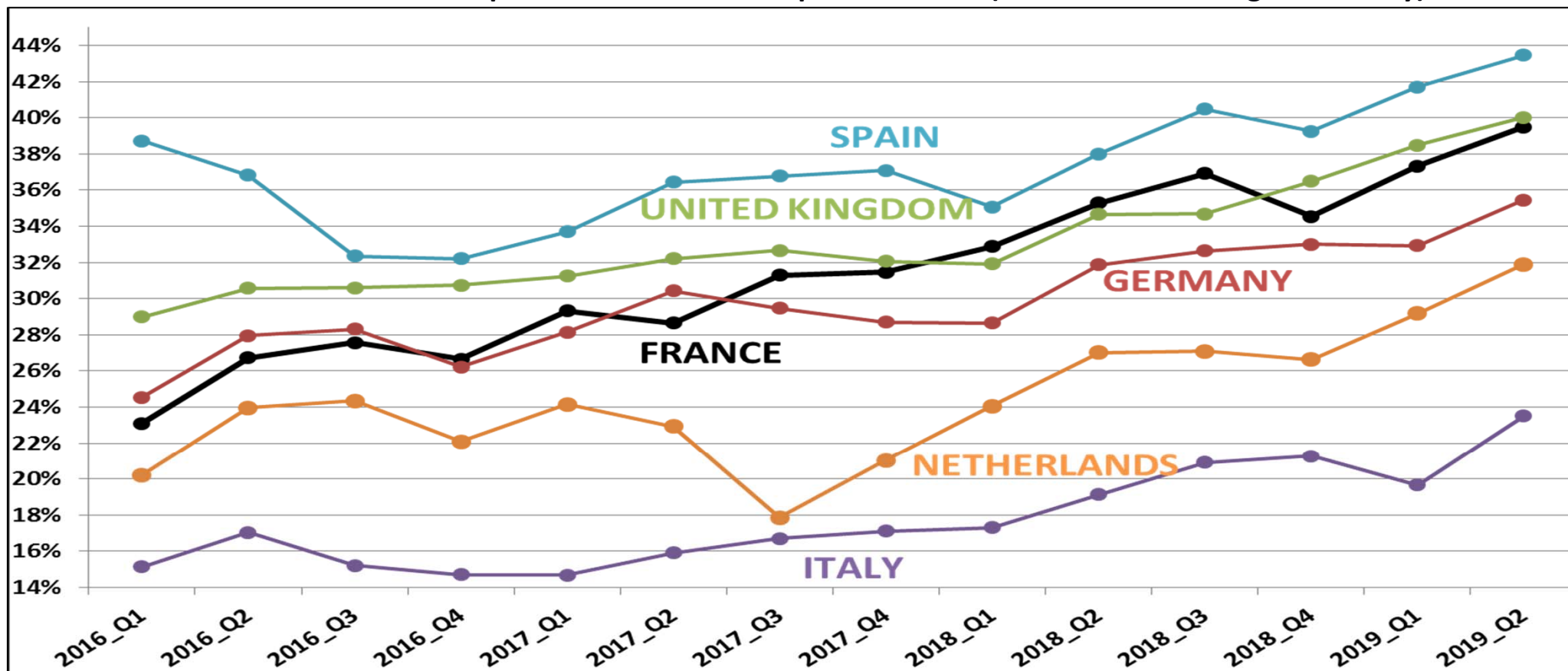
... with highest levels on expiry / index rebalancing



Source: AMF statistics

# Comparison with EU markets

share of the auctions on equities in the main European markets (on the main trading venue only)



Source: Thomson Reuters

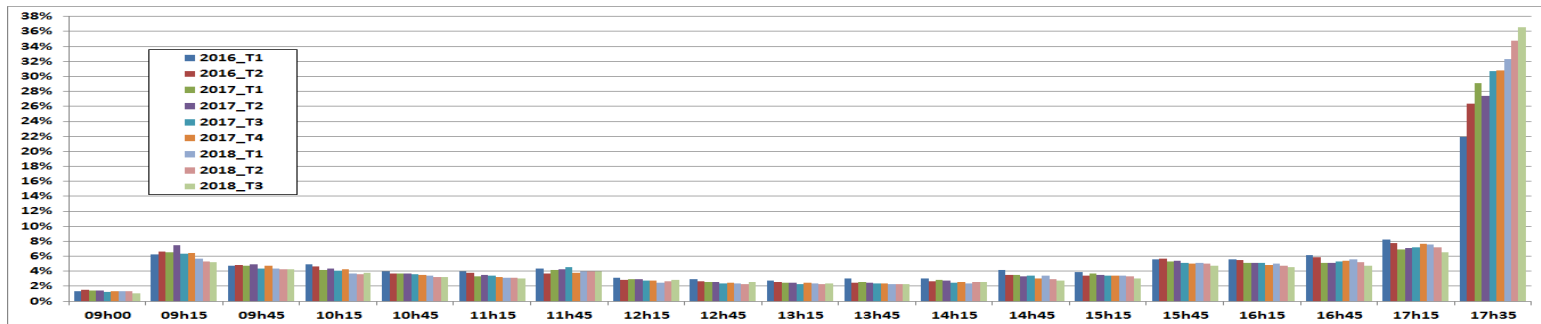
About the increasing part of the closing auction

# Comparison with the US market

A moderate increase of the « pure » closing auction, associated with an increase of the last 30 min...

... that is not observed on the French market

## Change in the share of volumes traded on CAC 40 stocks according to the time of day (by 30-minute time slots)



About the increasing part of the closing auction

Source: AMF statistics

## Share of trading volumes on S&P 500 stocks according to the time of day



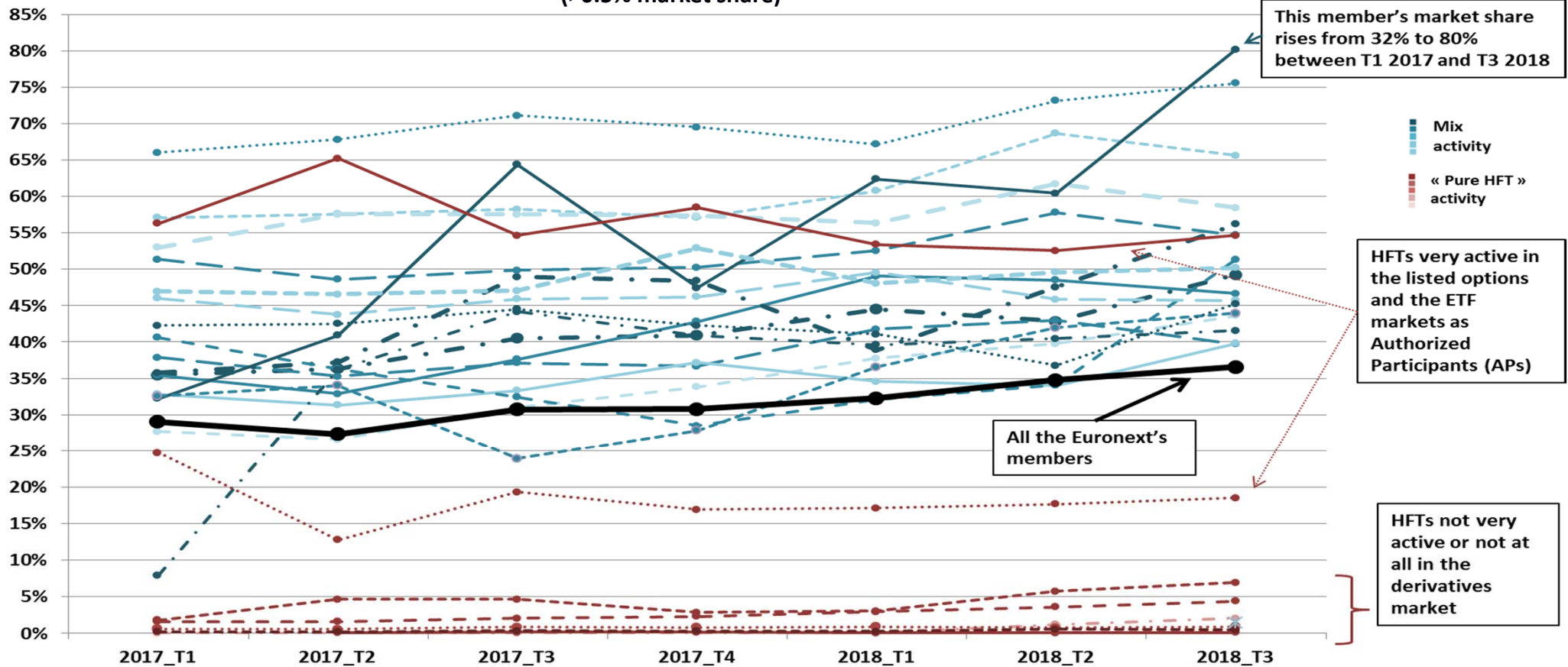
Source: Crédit Suisse (via the Financial Times)

## Possible explanations?

- **Rapid development of passive management**
  - ✓ Could explain the difference between US and EU markets  
(unit creation / cancellations in kind vs. in cash)
  
- **Best execution**
  - MIFID2 TCA easier?
  
- **Avoiding adverse selection / HFT (cf. below)**
  
- **Amplifying effect of execution algorithms**

# Analysis by market member

Share of transactions traded at the closing auction - by member  
(>0.5% market share)

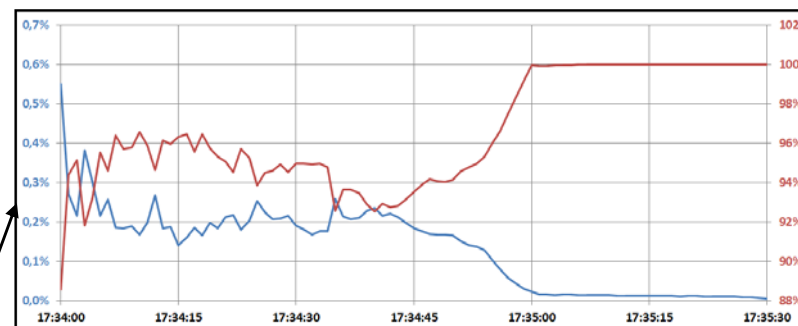
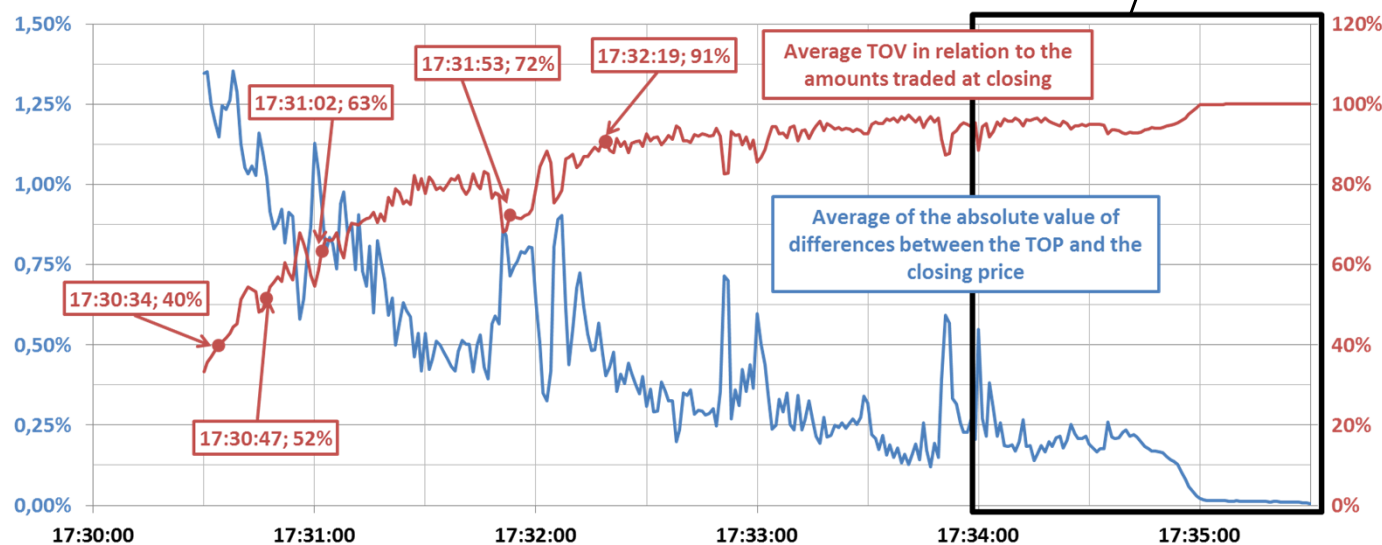


Source: AMF statistics

About the increasing part of the closing auction

# Price formation process during the auction

Aggregate average change in TOPs and TOVs between 17:30:30 and 17:35:30  
CAC 40 stocks, September 2018 excluding the day of 21/09

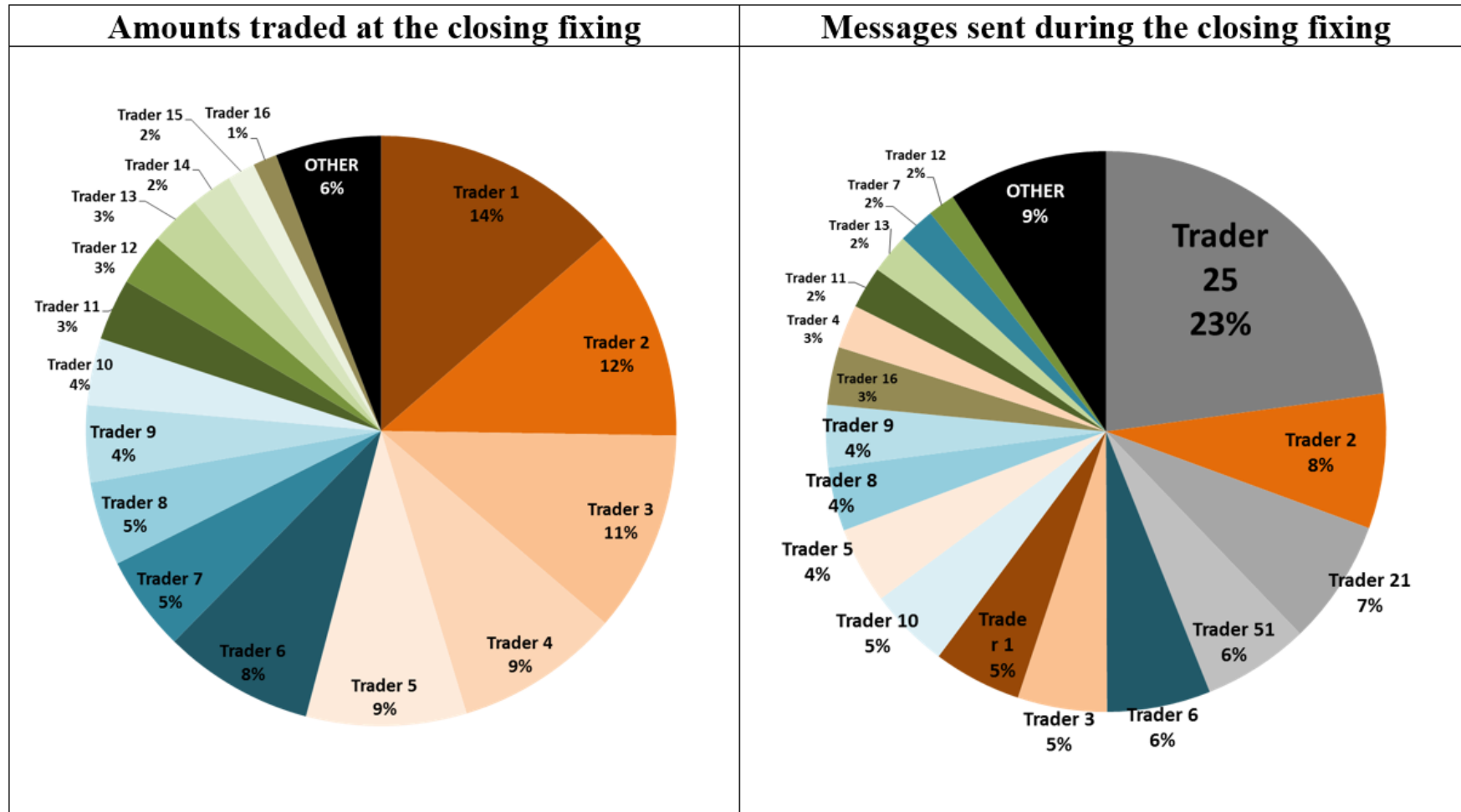


Source: AMF statistics

About the increasing part of the closing auction



# Analysis by market member



SOURCE: AMF STATISTICS

About the increasing part of the closing auction

## Associated risks?

- **Increase of the operational risk at fixing?**
- **... Or of its impact**
  - More volume but limited part involved in the price formation process
  
- **Deterioration of the price formation process during the continuous trading?**