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

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In France: a spectacular growth since 2016

Source: AMF statistics
... with highest levels on expiry / index rebalancing

Share of the auctions on CAC 40 stocks as a function of the amounts traded during the day

Source: AMF statistics

About the increasing part of the closing auction
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)

Source: Crédit Suisse (via the Financial Times)

About the increasing part of the closing auction

Source: AMF statistics
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)

This member’s market share rises from 32% to 80% between T1 2017 and T3 2018

HFTs very active in the listed options and the ETF markets as Authorized Participants (APs)

HFTs not very active or not at all in the derivatives market

Source: AMF statistics

About the increasing part of the closing auction
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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
Analysis by market member

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?