Banks to publish share volumes traded in automated systems

Six leading investment banks have launched a voluntary initiative to improve post-trade transparency in the European over-the-counter equity markets.

The six banks - Citi, Credit Suisse, Deutsche Bank, J.P. Morgan Cazenove, Morgan Stanley and UBS - will now report the volumes of cash equity trades crossed in their automated crossing systems via a service provided by Markit. Reporting will begin today, May 24th, following live testing over the past two weeks.

At the end of each trading day Markit will collate the data from each participating bank, conduct validation checks on the information, and publish the aggregated trading volumes the following afternoon. This data will be freely available on www.markit.com.

The data will cover automated crosses only, including trades matched on systems such as Citi Match, CS Crossfinder, DBA, JPM-X, MSPool and UBS PIN. In line with the MiFID rules on reportable trades, it will include trading between clients of the executing broker and trading between brokers and their clients. Volumes will be published on an aggregated basis and will be broken down by country. During testing the daily percentage of trades reported in this way has ranged from 0.62% to 1.02% of total European trading.

“This initiative is designed to bring further transparency into this area of OTC trading by providing verified data where previously there has been only speculation, and by giving a clear indication of the actual levels of trading in crossing engines,” says John Serocold of the Association for Financial Markets in Europe.

“As a further step in support of making more information freely available to all market participants, it should provide useful data for the MiFID review being undertaken this year.”

Sophia Kandylaki, Director of Equities at Markit says: “Markit is pleased to facilitate this initiative which will give participants insight into how much is traded through banks’ crossing systems on a daily basis. This information will bring greater transparency to the European equity markets.”

ENDS

Contact

AFME
Rob McIvor +44 (0)20 7743 9321
M: Communications
Ann-marie Wilkinson/ Andrew Benbow +44 (0)20 7920 2344
Markit
Caroline Lumley +44 (0)20 7260 2047
Notes to Editors

1. AFME, the Association for Financial Markets in Europe, promotes fair, orderly, and efficient European wholesale capital markets and provides leadership in advancing the interests of all market participants.

2. AFME was formed on November 1st 2009 following the merger of LIBA (the London Investment Banking Association) and the European operation of SIFMA (the Securities Industry and Financial Markets Association). AFME represents a broad array of European and global participants in the wholesale financial markets, and its 197 members comprise all pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME provides members with an effective and influential voice through which to communicate the industry standpoint on issues affecting the international, European, and UK capital markets. AFME is the European regional member of the Global Financial Markets Association (GFMA). For more information, visit the AFME website, www.AFME.eu.

3. Markit is a leading global financial information services company with over 1,500 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial market place.

4. A broker crossing system is defined as an internal automated process operated by a broker-dealer that matches buy and sell orders on a discretionary basis within the bid-offer spread, using a pricing methodology referencing an appropriate “Best Bid and Offer” price.

5. Trading data are sourced from ThomsonReuters and cover trading in the European Economic Area and Switzerland on an on/off order book basis.