TSX Alpha Market Quality Statistics

December 18, 2019
As compared to other inverted marketplaces, TSX Alpha continues to be a strong leader in terms of contribution to the health of the Canadian liquidity environment. TSX Alpha offers the highest percent time at the National Best Bid/Offer (NBBO), the largest average trade size, and the greatest share of posted volume at the NBBO. These contributions result in lower costs of trading for retail and institutional investors participating in Canada.

In addition, providers of liquidity for TSX Alpha are more willing to post improved prices resulting in lower quoted spreads, more time alone at the NBBO, and improved price discovery.

TSX Alpha is designed to provide positive interactions for our retail and Institutional participants. We feel that the best measurement of this experience is to compare the amount of liquidity that is marketable when entering the TSX Alpha speedbump versus the amount of liquidity that trades upon exit. In this way, any liquidity that was missed as a result of the speedbump mechanic is captured. We measure these rates continually to ensure that the speedbump mechanic is not inadvertently causing adverse experiences for unintended participant groups. The following results represent a 2019 year to date analysis of these interaction rates.

In this analysis, we highlight a subset of retail and institutional IDs who have employed alpha specific routing behaviour (Optimized) as well as a third group consisting of order flow from proprietary and high-speed participants. The results of this analysis indicate that those participants, both institutional and retail, who engage in routing behaviors specifically designed to interact with alpha achieve near perfect interaction rates, with optimized retail averaging 99.24%, and optimized institutional averaging 97.51%. One example of optimization would be to target Alpha with enough of a latency buffer to ensure first arrival under environments where the liquidity available on Alpha is sufficient to satisfy the whole volume, or a desired percentage of the volume of the parent order, otherwise Alpha can be routed with reduced priority. By contrast, those participants that can be characterized as strictly proprietary or high-speed see reduced interaction rates that are consistent with expectation when there is a dependence on low time horizon trading opportunities, averaging an interaction rate of 45.13%.
All the benefits to the Canadian marketplace which are detailed here have lead to consistent and significant lead in market share as compared to other inverted venues, multiplying the benefits provided to the investor.

**TSX Alpha’s Continued Outperformance**

5 Day MA - Market Share of Continuous Traded Volume (TSX & TSXV-listeds, excluding auctions, oddlots and intentional crosses)

For more information:

**TMX EQUITY MARKETS**

T  +1 888 873-8392
trading_sales@tmx.com