Oxera trading and post-trading price monitoring study

Frequently asked questions

July 16th 2009

What is the purpose of this study?

This study enables the European Commission to determine public policy on the basis of both sound analysis and a thorough understanding of the market. It enhances transparency and contributes to the Commission's and market participants' understanding of the market. Further information about the Commission's work in the area of trading and post-trading can be found on its website: http://ec.europa.eu/internal_market/financial-markets/index_en.htm

Why has the Commission asked Oxera to undertake this survey?

The Commission decided to engage a consultancy to conduct this study. Oxera was awarded the contract after submitting a proposal in response to the Commission's open invitation to tender. Oxera is an independent economics consultancy with extensive experience in undertaking economic analysis in the financial services sector.

What are the main findings of the study?

The main findings of the study are summarised in the executive summary of the report.

What is covered by the study?

The study covers equities and fixed income securities in dematerialised or immobilised form.

The Commission requested a classification of three types of financial centre: major, secondary, and other:

– major—France, Germany, Italy, Spain, Switzerland, and the UK;
– secondary—Belgium, Luxembourg, the Netherlands, Norway, Poland, and Sweden;
– other—Austria, Czech Republic, Denmark, Greece, Ireland and Portugal.

These financial centres were selected as part of the analysis in the methodology paper, available at:
http://ec.europa.eu/internal_market/financial-markets/docs/clearing/oxera_study_en.pdf

Which firms participated in the survey?

Firms along the whole trading and post-trading value chain participated in the survey:

- intermediaries—fund managers, brokers and custodian banks;
- providers of infrastructure services—trading venues, CCPs and CSDs.

In accordance with the Non-disclosure Agreement signed by Oxera and the survey participants, the names of survey participants are not disclosed (see 'Why is not all data presented in the report?')

What time period is covered by the survey?

Data was collected for the baseline (calendar year 2006) from both intermediaries and infrastructure providers. In addition, data was collected from infrastructure providers for calendar year 2008.

What part of the market is covered by the survey?

In most financial centres, there were sufficient responses to enable comparison of prices, costs and volumes over time. The market coverage is as follows:

- fund management firms—more than 40 firms participated in the survey, covering around 23% of the market in terms of value;

- brokerage firms—close to 40 firms participated in the survey, consisting of a large number of global (or multi-market) firms and a smaller number of local brokerage firms. They cover around 32% of the market in terms of value of trading;

- custodians—around 60 custodians participated in the survey, covering around 86% of the market in terms of value of assets held;

- infrastructure providers—almost all infrastructure providers participated in the survey.

Why is not all data presented in the report?

Most of the data requested in the survey is not typically available in the public domain and is considered confidential. The data provided has therefore been covered by a NDA, which sets out the terms and conditions under which any of the data supplied can be used in public domain reports. In accordance with the NDA, the report presents survey respondents' data in aggregated form only (ie, aggregated across firms and, at some levels in the value chain, across financial centres).

Where there are few survey respondents, no data in absolute terms can be presented. However, to allow for comparison over time, the data will be presented in relative terms (in an index form) in the second and any subsequent reports.

To present the results of the baseline in this report, some data is aggregated across financial centres, and some is presented in ratios and indices. The names of survey participants are not disclosed.

For infrastructures where time-series data is available, only the magnitude of the changes over time is reported on a financial centre basis. Since this information may relate to only one supplier, and the identification of the data subject may be obvious, checks have been undertaken to ensure that the data provider agrees to the inclusion of the information, in accordance with the NDA.

When was the study conducted?

The study was conducted between October 2007 and June 2009.

When will the next study be conducted?

Oxera will shortly start to collect the data necessary to conclude the next study by autumn 2010.