

London Stock Exchange Flow Analytics

What is it?

London Stock Exchange has launched a new Flow Analytics product, containing daily reports on Market Flow and Market Concentration, providing customers with additional insight into trading on the London Stock Exchange and Turquoise markets. The products are as follows:

Market Flow

A daily anonymised instrument-level breakdown of trading flows on London Stock Exchange and Turquoise order books into the following categories:

- Dealing on Own Account
- Matched Principal Trading
- Any Other Trading Capacity, including Agency

Market Concentration

A daily instrument-level measure of market concentration, allowing customers to assess the quality of available liquidity and identify concentration risk for London Stock Exchange listed instruments.

Why are we producing this data?

As client models become more sophisticated and require more and more data to generate signals, London Stock Exchange is looking to help facilitate this need for data by providing further transparency into the activity on the exchange, with considered design thresholds to maintain anonymity for an individual client's trading activities.

How can users access LSE Flow Analytics products?

You can subscribe to this service from our [LSE Data Shop](#) – subscription prices will apply and can be discussed with your account manager. For further information, please contact: marketdata@lse.com

What is included in Market Flow?

At an instrument-level, we publish the buy volume, sell volume and net flow, for each of the following categories (based on the MiFID II Trading Capacity used to report the trade):

- Dealing on Own Account (DEAL)
- Matched Principal Trading (MTCH)
- Any Other Trading Capacity, including Agency (AOTC)

These are MiFID categories and how a trade is classified is determined by the customer at the time of placing the order.

Separate files are available for London Stock Exchange and Turquoise markets.

How do we calculate Market Concentration?

Leverages Herfindahl-Hirschman-Index (HHI) as standard measure of market concentration.

Calculated as the sum of squares of the percentage share of each participant's transaction volumes.

$$\text{Concentration: } s_1^2 + s_2^2 + s_3^2 + \dots + s_n^2$$

s_i = participant market share

Breakdowns are published for buy, sell, continuous trading, auction trading and aggressive v passive trades. As well as total transacted volume and the number of buy and sell counterparties. The instruments covered are the constituent instruments of the FTSE 100 and FTSE 250.

A Market Concentration report will not be produced for Turquoise.

How much history will be available?

For each of the files there is 5+ years of history available to in order to facilitate back testing and validate feasibility ahead of clients signing up for an ongoing subscription.

What features should users take into considerations when using this product?

In order to protect market participants we do not provide a breakdown of Market Flow or Market Concentration if there have been less than 10 trades in that particular instrument on the day. In the case of Market Flow, you would still receive the On Book traded volume, and number of trades, but no breakdown of DEAL, MTCH, AOTC. In the case of Market Concentration, if an instrument doesn't meet the threshold, the total and auction volumes and the number of buyers and sellers will be provided but no concentration calculations across the various trading capacities.



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