



**Exchanges Volume Weekly: Volume Grows, Helped by FOMC Statement Speculation**

**Summary**

We analyze key industry volume indicators for the exchange & order execution firms for the week ending March 18, 2015. Volume mostly rose last week as average equity market volatility ticketed up slightly. U.S. options ADV also grew 3% WoW, while cash equity volume rose 2% WoW to 6.8 billion shares daily. Futures volume grew 19% WoW to 6.3 mln contracts daily at ICE (almost entirely in Equity and FX futures), rose 6% WoW to 16.1 mln contracts at CME and 2% WoW at CBOE's futures exchange. Capital raising was relatively strong last week with 2 IPOs and 23 follow on offerings raising a combined \$5.4 bln.

**ITG Announces New Capital Plans, Bloomberg Reports Potential Acquisition of Competitor Broker.**

ITG announced last week that it will change its share repurchase amount to be based on free cash flow, which is significantly higher than its previous target of non-GAAP net income. Activist Philadelphia Financial had argued for a much higher level of share repurchases, among other changes. The ITG board also said that it is open to adding one board seat, while Philly Fin has nominated three directors. Separately, Bloomberg news reported that ITG may be in discussions to acquire competitor broker, privately held Convergenx, for \$200 million, helping drive the stock up 15% on 3/13.

**CME Reportedly in Talks with BGCP to Acquire GFI's Technology Assets.**

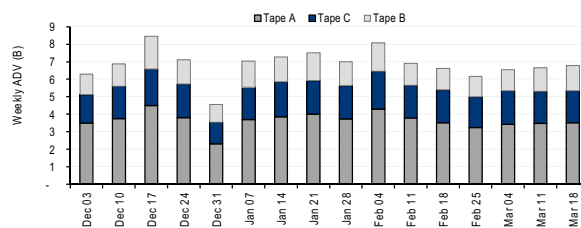
Bloomberg reported earlier in the week that CME is in talks with BGCP to buy GFI's technology assets (Trayport and FENICS). These are the assets that CME had agreed to acquire from GFI prior to the BGCP hostile tender. We aren't surprised by this—or by the reported price of over \$600 mln, which is in line to what CME was going to pay for these assets directly from GFI.

**ICE Boosts Some Default Fund Contributions.**

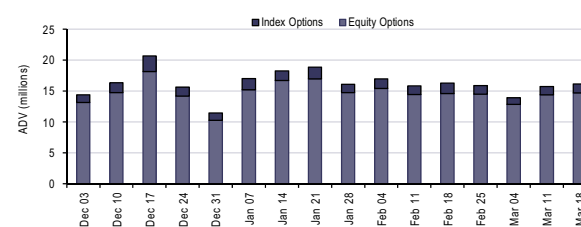
Reuters reported that ICE plans to boost its contribution to several of its default funds. ICE added \$22 mln to ICE Clear Europe's default waterfall.

See tables, starting on page 2, for 1Q15-TD volume vs. our models.

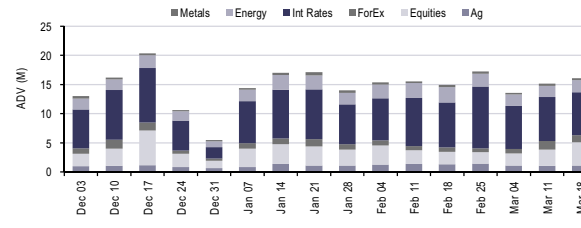
U.S. Cash Equity ADV - Up 2% WoW to 6.8 Billion Shares



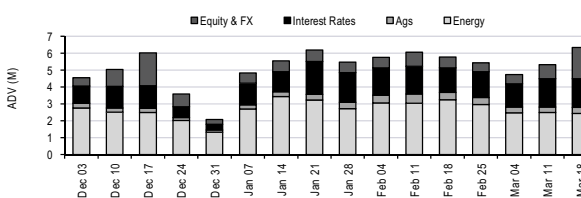
U.S. Options ADV - Up 3% WoW to 16.1 Million Contracts



CME Futures ADV - Up 6% WoW to 16.1 Million Contracts



ICE Futures ADV - Up 19% WoW to 6.3 Million Contracts



Sources: BATS Global Markets, OCC, CME Group, ICE, and KBW Research.

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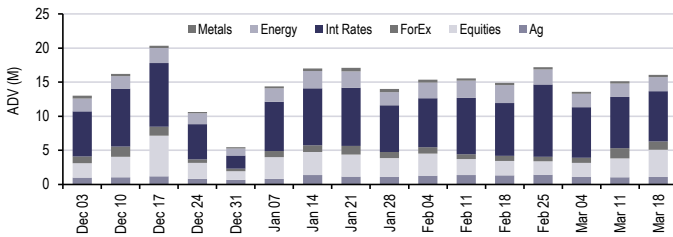
**Week Ending Wednesday, March 18, 2015**

**KBW Quarterly Volume Estimates**

	CME Futures (ADV in M)	ICE Energy & Rates Futures (ADV in M)	ICE U.S. Cash Equity Matched (ADV in M)	ICE U.S. Equity Options (ADV 000s)	NDAQ U.S. Cash Equity (ADV in M)	NDAQ U.S. Options (ADV 000s)	KCG (Avg Daily \$ volume, B)	ITG (ADV M)	CBOE U.S. Options (ADV 000s)	CBOE Futures (ADV 000s)	MKTX (Total ADV in \$M)
KBW 1Q15 Estimate	15.4	5.4	1,720	2,936	1,379	4,249	\$32.6	177	4,665	193	3,818
Actual 1Q15-TD	15.5	5.6	1,643	2,760	1,373	4,215	\$32.6	179	4,639	192	3,849
<b>Actual 1Q15-TD vs Estimate</b>	<b>0%</b>	<b>3%</b>	<b>-4%</b>	<b>-6%</b>	<b>0%</b>	<b>-1%</b>	<b>0%</b>	<b>1%</b>	<b>-1%</b>	<b>-1%</b>	<b>1%</b>
Percent of 2013 Revenue	83%	28%	5%	4%	6%	9%	50-70%	38%	69%	11%	59%
KBW 1Q15 EPS Est	\$0.98	\$2.97	\$2.97	\$2.97	\$0.78	\$0.78	\$0.22	\$0.44	\$0.49	\$0.49	\$0.64
Consensus 1Q15 EPS Est	\$0.97	\$2.99	\$2.99	\$2.99	\$0.80	\$0.80	\$0.21	\$0.43	\$0.52	\$0.52	\$0.59

Note: Using Factset consensus estimates

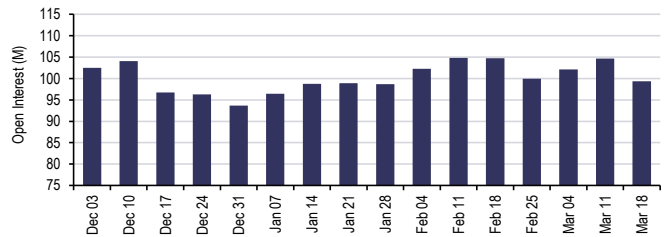
**CME ADV UP 6% WoW, UP 4% QoQ IN 1Q15-TD**



CME futures ADV grew 6% to 16.1M last week. Volume grew in equities (+45%), Ags (+3%), and energy (+7%), partially offset by lower FX (-19%), metals (-6%) and interest rates (-2%) futures ADV. Overall 1Q15-TD ADV of 15.5 million contracts is tracking 4% higher than 4Q14 and 13% higher than 1Q14.

Source: CME Group

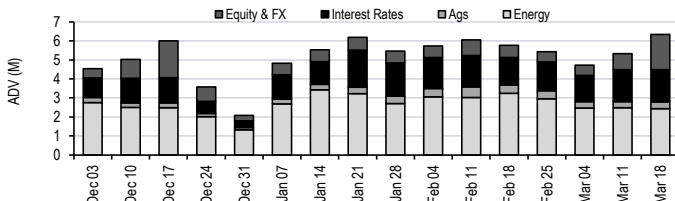
**CME OPEN INTEREST DOWN 5% WoW, UP 10% YoY**



Aggregate open interest in futures and options at CME fell 5% WoW post roll to 99.3M contracts. Compared to this time last year, open interest in interest rates (+22%), Ags (+7%), and FX (+33%) futures is higher, partially offset by a decrease in metals (-2%), energy (-3%) and equity (-4%) futures open interest. Total open interest is 10% above last year's level.

Source: CME Group

**ICE FUTURES ADV UP 19% WoW, UP 18% QoQ IN 1Q15-TD**

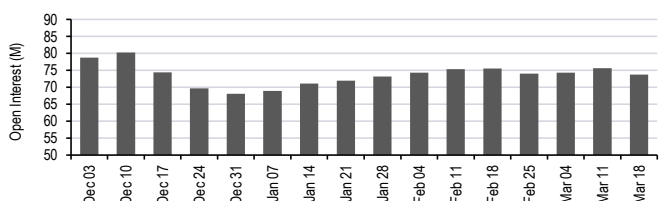


ICE futures ADV rose 19% to 6.2M last week. ADV rose in interest rates (+1%), Ags (+9%) and equity & FX (+122%), partially offset by a decrease in equity/FX (-2%) futures. Overall 1Q15-TD ADV of 5.6M is tracking 18% higher QoQ and 4% lower than 1Q14.

Note: We calculate interest rate and single stock equities ADV based on U.K. daycount and the rest on U.S. daycount.

Source: ICE

**ICE FUTURES OPEN INTEREST DOWN 2% WoW, DOWN 13% YoY**



Open interest at ICE was fell 2% WoW to 73.7M contracts. Compared to this time last year, open interest is lower in commodities (-2%) and financials (-26%) futures. Total ICE futures open interest is 13% below last year's level.

Note: ICE's open interest is lagged one business day.

Source: ICE

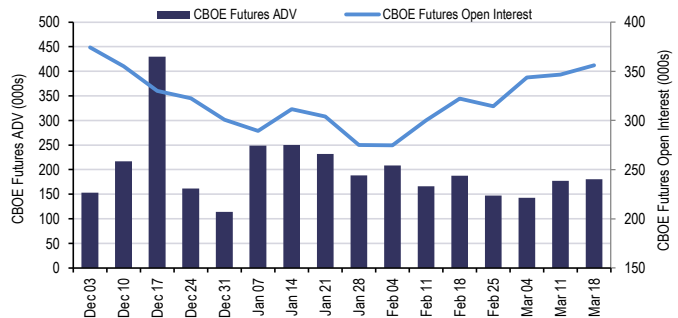
**OPEN INTEREST: SOME ENERGY PRODUCTS SHOWING GROWTH, RATES DECELERATE**

	This Week	Yr Ago	YoY Growth	1-Mo Ago
CME Corn	1,330,967	1,328,078	0%	1,362,156
CME 10Yr	2,629,131	2,441,194	8%	2,593,586
CME 5Yr	1,997,826	1,921,154	4%	2,043,148
CME 3M Eurodollar	10,486,469	10,046,976	4%	11,115,944
CME S&P500 e-mini	3,423,320	3,878,357	-12%	2,811,472
CME NDAQ100 e-mini	404,598	545,159	-26%	330,495
CME Nat Gas	987,946	1,155,891	-15%	1,002,010
CME Henry Hub	1,717,808	2,349,298	-27%	1,773,499
CME WTI	1,760,721	1,623,266	8%	1,689,966
ICE Brent	1,892,569	1,477,704	28%	1,811,430
ICE WTI	451,325	553,462	-18%	452,875
ICE Gasoil	671,916	466,467	44%	599,867

Some energy complexes are now showing YoY growth including ICE Brent (+28%), ICE Gasoil (+44%). Open interest is still lower YoY in CME's Nat Gas (-15%) and CME's Henry Hub (-27%). In rates, open interest in CME's 10yr contract is up 8% YoY, while open interest in its large Eurodollar contract is up 4% YoY. We note that open interest in CME's NDAQ100 e-mini contract is now down 26% YoY.

Source: Bloomberg

**CBOE FUTURES ADV UP 2% WoW, DOWN 19% QoQ IN 1Q15-TD**



CBOE's Futures ADV (primarily VIX Futures) grew 2% WoW last week to 180k contracts daily. CBOE Futures ADV of 192k contracts in 1Q15-TD is tracking 19% lower than 4Q14 and 6% lower than 1Q14. Open interest in CBOE's Futures contracts rose 3% WoW to 356k contracts.

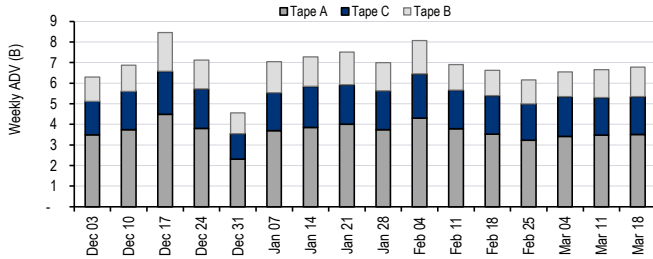
Source: CBOE

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**Week Ending Wednesday, March 18, 2015**

**US CASH EQUITY ADV UP 2% WoW, DOWN 1% QoQ IN 1Q15-TD**



Overall US cash equity ADV rose 2% WoW to 6.8 billion. ADV rose 1% on Tape A, 5% on Tape B, and 1% on Tape C. Cash equity ADV of 7 billion in 1Q15-TD is tracking flat 1% lower than 4Q14 and flat with 1Q14.

Source: BATS Global Markets

**NO BIG MARKET SHARE CHANGES LAST WEEK**

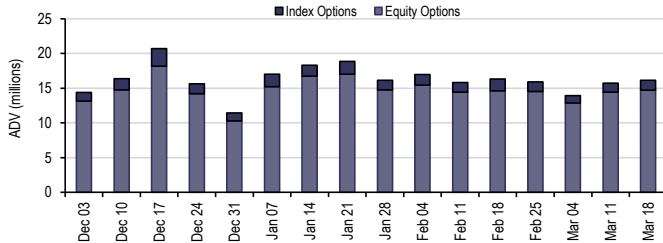
**Total Market Share - Through March 18, 2015**

Participant	Last Week	Prior Week	1Q15-TD	4Q14	1Q14
NYSE	23.3%	23.8%	23.6%	23.7%	21.2%
NDAQ	18.9%	19.2%	19.7%	20.3%	20.6%
BATS	21.6%	20.9%	20.9%	20.9%	20.3%
Internal	35.6%	35.7%	35.3%	34.7%	36.9%

In 1Q15-TD, off-exchange trading is tracking at 35.3%, slightly higher than 34.7% in 4Q14 but lower than 36.9% in 1Q14. Meanwhile, NYSE has gained the most market share YoY, leading in overall market share at 23.6% in 1Q-TD, up from 21.2% in 1Q14.

Note: We include Direct Edge in BATS' prior market share for comparative purposes.  
Source: BATS Global Markets and KBW Research

**US OPTIONS ADV UP 3% WoW, DOWN 8% QoQ IN 1Q15-TD**



Average US options volume grew 3% WoW to 16.1 million last week. Equity options ADV rose 2% WoW while smaller and higher fee index options ADV rose 9%. Total options ADV in 1Q15-TD of 16.4 mln contracts is tracking 8% lower than 4Q14 and 8% lower than 1Q14.

Source: OCC

**ISE & BATS GAIN MARKET SHARE, NYSE DOWN THE MOST QTD**

Participant	Total Market Share				
	Mar	Feb	1Q15	4Q14	1Q14
CBOE	27.0%	28.2%	28.3%	30.3%	30.3%
NYSE	16.9%	17.4%	17.1%	20.2%	21.9%
NDAQ	23.2%	27.3%	25.7%	24.0%	24.6%
ISE	14.8%	11.3%	12.5%	13.7%	14.9%
BOX	2.4%	2.6%	2.6%	2.0%	2.1%
BATS	9.3%	8.2%	8.7%	6.2%	3.6%

ISE has regained some market share in the early days of March to 14.8%, up from 11.3% in February - while NDAQ's market share has dropped in March-TD to 23.2% from 27.3% in February. BATS has gained the most market share in 1Q15-TD at 8.7% vs. 6.2% in 4Q14. Meanwhile, NYSE has lost market share in 1Q15-TD, tracking at 17.1%, down from 20.2% in 4Q14 and 21.9% in 1Q14. ICE management commented it was happy to lose unprofitable share on its February earnings call.

Source: OCC and KBW Research

**ANOTHER STRONG WEEK FOR FOLLOW ON OFFERINGS**

NYSE (\$ millions)	1Q15-TD	4Q14	1Q14
Secondary Capital Raised	\$38,629	\$24,813	\$28,115
IPO Capital Raised	\$2,527	\$12,215	\$8,213
Total Number of Deals	102	98	131
Number of Secondary Offerings	91	69	105
Number of IPOs	11	29	26
Average Deal Size	\$403	\$378	\$277

NYSE raised \$4 billion through 14 follow on offerings and 1 IPO last week.

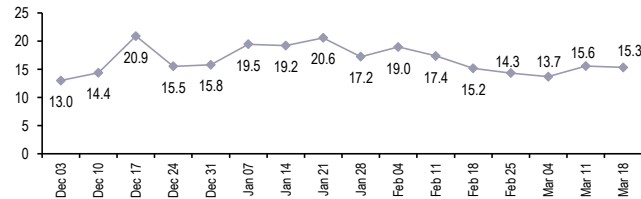
Source: Dealogic

NASDAQ (\$ millions)	1Q15-TD	4Q14	1Q14
Secondary Capital Raised	\$13,245	\$10,835	\$10,526
IPO Capital Raised	\$1,848	\$5,457	\$3,160
Total Number of Deals	102	99	133
Number of Secondary Offerings	83	55	88
Number of IPOs	19	44	45
Average Deal Size	\$148	\$165	\$103

NDAQ raised \$1.4 billion through 9 follow on offerings and 1 IPO last week.

Source: Dealogic

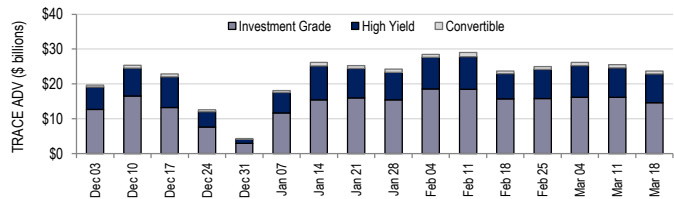
**AVERAGE VIX FELL 2% to 15.3**



Average implied volatility of the S&P 500 (tracked by the VIX index) fell 2% WoW to 15.3. 1Q15-TD average volatility of 17 is tracking 6% higher than 4Q14 and 15% higher than 1Q of last year. Implied volatility on the Nasdaq, or VIXN Index was flat WoW at 14.8.

Source: Bloomberg

**TRACE ADV FELL 7% WoW to \$23.8 BILLION**



Overall TRACE ADV fell 7% last week to \$23.8 billion. ADV fell 10% in High Grade, 2% in High Yield and 4% in Convertible, still strong levels.

Source: TRACE, Bloomberg

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**Companies Mentioned in This Report**

- BGC Partners, Inc. (BGCP: \$9.36, Outperform)
- CBOE Holdings, Inc (CBOE: \$59.82, Market Perform)
- CME Group, Inc. (CME: \$99.67, Market Perform)
- GFI Group Inc. (GFIG: \$5.70, Market Perform)
- Intercontinental Exchange, Inc. (ICE: \$236.71, Outperform)
- Investment Technology Group, Inc. (ITG: \$28.15, Outperform)
- KCG Holdings, Inc. (KCG: \$12.43, Market Perform)
- MarketAxess Holdings, Inc (MKTX: \$87.31, Market Perform)
- The NASDAQ OMX Group, Inc. (NDAQ: \$50.41, Outperform)

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			Count	Percent
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Market Perform [HOLD]	329	53.58	89	27.05
Underperform [SELL]	41	6.68	7	17.07
Restricted [RES]	0	0.00	0	0.00
Suspended [SP]	27	4.40	5	18.52
Covered -Not Rated [CNR]	1	0.16	1	100.00

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