

Déjà-vuTrading

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A p r i l 2 0 1 7

The Derivatives Industry

Compliance costs set to continue to rise

89% of financial industry executives believe that their compliance costs will continue to rise over the next two years, with 48% of them expecting to see a 10-20% rise and a further 18% predicting increases of over 20%.

<https://newsroom.accenture.com/news/compliance-costs-for-financial-institutions-will-continue-to-increase-over-the-next-two-years-driven-by-regulations-and-emerging-risks-according-to-global-accenture-survey-of-executives.htm>

Virtu agrees \$1.4 bn takeover of KCG

Virtu will pay \$20 per share for KCG Holdings, a fellow high-frequency trading firm. Virtu have stated that the deal will result in immediate revenue growth and costs savings.

<http://www.valuwalk.com/2017/04/virtu-financial-buys-kcg-holdings/>

Market data revenues fall at the CME

Trading companies are resisting exchanges' attempts to cash in on charging for data feeds. The CME announced a fall in revenues in this area as firms, unhappy that they now need to pay for the information that they have generated, consolidate their number of screens.

<https://www.ft.com/content/ebf69976-2b58-11e7-9ec8-168383da43b7>

Equity derivatives lose their market dominance

Low volatility has been reflected in equity derivatives volumes falling by 11% in 2016. With substantial rises in commodity trading, equity-based products now only account for 45% of all derivatives traded; the first time that they have fallen below the 50% barrier.

<https://www.ft.com/content/6cc932ec-24e3-11e7-a34a-538b4cb30025>

Exchanges, MTFs and CCPs

Euronext to move derivatives clearing to ICE Clear

Following the collapse of the LSE/Deutsche Boerse merger and the LSE's subsequent decision not to sell LCH.Clearnet to Euronext, the pan-European exchange has announced that it will clear its derivatives business with ICE Clear from mid-2018.

<https://www.ft.com/content/25d9a1cc-185a-11e7-a53d-df09f373be87>

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Dutch options exchange, TOM, to close

TOM, the Dutch derivatives exchange that was launched in 2009, has announced that it will be wound down with all open positions being transferred to Euronext, its former rival, from the end of May this year.

<http://www.reuters.com/article/tom-shutdown-idUSL5N1H85XR>

CME Europe to close

CME Group has announced that its London-based derivatives market clearing house will be shut down by the end of the year after deciding that their customers preferred to access their markets in the US.

<http://www.marketwatch.com/story/cme-group-to-close-cme-europe-and-cme-clearing-europe-2017-04-12>

Regulation

FCA tells firms they may lose UK market access if they are not MiFID II compliant

While releasing 'near final' rules on the implementation of MiFID II rules the FCA announced that firms should start applying immediately for the requisite authorisations and permissions or risk losing access to the UK market in January 2018.

<https://www.fnondon.com/articles/fca-urges-firms-to-act-on-mifid-ii-or-risk-losing-access-to-uk-market-20170331>

The CFA Institute looks at the likely effects of MiFID II

MiFID II has worthy aims but will it actually succeed in creating a better environment for the end clients?

<https://blogs.cfainstitute.org/investor/2017/04/11/mifid-ii-whats-wrong-with-it/>

BREXIT

Goldman Sachs to start moving staff from London

The CEO of Goldman Sachs Europe told CNBC that his firm is starting to execute its contingency plans to move some staff out of London in preparation for life post-Brexit.

<http://uk.mobile.reuters.com/article/idUKKBN16S1C5>

Former FCA chief contemplates how Brexit will affect the City

Howard Davies, the first head of the FSA, considers London's future as a financial centre in a post-Brexit world.

<https://www.theguardian.com/business/2017/apr/26/london-financial-centre-brexit-eu-paris-frankfurt-uk>

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Industry Events

<http://www.aima-gprf.org/agenda>

5th-7th June 2017 FIA IDX 2017

London

<https://idx2017.fia.org/>

Average Daily Volumes per exchange

Euronext	March	0.5 million	(+4.9% y.o.y.)
Eurex	March	8.3 million	(+1.4% y.o.y.)
ICE/LIFFE	March	6.7 million	(+30.0% y.o.y.)
CME	March	16.9 million	(+18.4 % y.o.y.)

https://derivatives.euronext.com/en/reports-statistics/derivatives/monthly-statistics?archive=this_year

http://www.eurexchange.com/blob/2973558/76030b2586caab2c6c41583d9d6bb8fe/data/monthly_stat_201703.pdf

<http://ir.theice.com/ir-resources/supplemental-information>

https://www.cmegroup.com/media-room/press-releases/2017/4/04/cme_group_reachedaveragedailyvolumeof169millioncontractsinmarch2.html

And finally...

Easy ways to embarrass yourself in French

A few quick tips to save yourself from embarrassment when you try to use your best French.

https://www.thelocal.fr/galleries/lifestyle/ten_rudest_mistakes_to_make_in_french/10

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