

Déjà-vuTrading

NEWSLETTER

N° 5 / 2018

The Derivatives Industry

Margin costs hurt hedge funds

A report by analytics company OpenGamma suggests that new regulations could see hedge funds margin costs rise by up to 70% and this would have a significant negative impact on their returns.

<https://www.thetradenews.com/rising-margin-costs-slash-hedge-fund-returns/>

MTF volumes drop after MiFID II caps

The double volume caps introduced under MiFID II appear to be having a negative effect on dark-pool trading with capped stocks dark volumes falling from 27% to 8%.

<https://www.thetradenews.com/mifid-ii-caps-bite-dark-mtf-trading-volumes-fall/>

Block trading volumes jump in wake of MiFID II

Block trades made up more than 50% of trading volumes of dark pool trading since the introduction of MiFID II as trading firms adapted to the new regulations.

<https://www.thetradenews.com/block-trades-peak-making-half-dark-trading-volumes/>

Exchanges, MTFs and CCPs

LCH clears non-deliverable interest rate swaps

The London-based clearing house has announced that it is now clearing non-deliverable rate swaps denominated in Chinese Yuan, Korean Won and Indian Rupees.

<https://derivsource.com/2018/05/03/lch-clears-first-non-deliverable-interest-rate-swaps/>

ICE to launch Three Month Sonia future on 1st June

The launch of a futures contract based on SONIA (Sterling Overnight Index Average) is planned for June 1st.

<https://www.businesswire.com/news/home/20180418005128/en/Intercontinental-Exchange-Announces-June-1-Launch-ICE>

Déjà-vuTrading SAS
34 Boulevard des Italiens
75009 Paris- France
www.dejavutrading.com
+33 (0) 1 83 64 14 33
+33 (0) 1 83 62 45 50

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LSE appoints David Schwimmer as new CEO

David Schwimmer will become the new CEO of the London Stock Exchange on 1st August. He joins from Goldman Sachs where he was global head of market structure in New York.

<http://fortune.com/2018/04/13/london-stock-exchange-lse-goldman-sachs-david-schwimmer/>

Regulation

Only 220 bonds sufficiently for MiFID II requirements

According to ESMA their first assessment of the European bond market, covering the first quarter of 2018 revealed that only 220 bonds were considered to be liquid enough to meet the real-time transparency requirements of MiFID II.

<https://www.thetradenews.com/esma-finds-220-bonds-liquid-enough-mifid-ii-transparency-requirements/>

ISDA publishes a regulatory guide to EU/US derivatives exchanges

ISDA's have released "A Practical Guide to Navigating Derivatives Trading on EU/US Recognized Trading Venues", a paper that helps find the way through the various regulatory requirements.

<https://www.isda.org/2018/04/25/isda-publishes-guide-to-navigating-derivatives-trading/>

MiFID II – The story so far

'The Trade' magazine reviews the impact of the MiFID II regulations.

<https://www.thetradenews.com/mifid-ii-story-far/>

US authorities investigating market manipulation in cryptocurrency trading

According to Bloomberg the CFTC and US Justice Department are investigating market manipulation in the Bitcoin and other cryptocurrency markets.

<http://www.businessinsider.fr/us/us-justice-department-bitcoin-crypto-market-manipulation-probe-2018-5>

BREXIT

MEPs votes to toughen UK clearing houses requirement to follow EU rules

The European parliament has voted in favour of making UK-based clearing houses to comply with EU legislation once the UK has left the European Union.

<https://www.ft.com/content/26a494ae-5922-11e8-bdb7-f6677d2e1ce8>

Thomson Reuters to move FX derivatives trading to Dublin

Thomson Reuters has announced that it will be moving its foreign exchange derivatives trading out of London ahead of the UK's departure from the European Union.

<https://www.ft.com/content/5b04d32e-578f-11e8-bdb7-f6677d2e1ce8>

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Average Daily Volumes per exchange

Euronext	April	0.6 million	(-3.9% y.o.y.)
Eurex	April	7.4 million	(+6.6% y.o.y.)
ICE	April	4.9 million	(-0.1% y.o.y.)
CME	April	17.0 million	(+4.3% y.o.y.)

<https://derivatives.euronext.com/en/reports-statistics/derivatives/monthly-statistics>
http://www.eurexchange.com/blob/3398066/9a7fc1c30310c908e6c17bbeda5dd2ad/data/monthlystat_201804.pdf
<https://www.theice.com/marketdata/reports/7>
http://www.cmegroup.com/media-room/press-releases/2018/5/02/cme_group_reachedaveragedailyvolumeof17millioncontractsinapril20.html

And finally...

Computer model predicts World Cup group winners

A 'Soccerbot' has predicted who will win each group in the 2018 World Cup.

<https://www.cbssports.com/soccer/world-cup/news/world-cup-odds-predictions-2018-advanced-computer-model-picks-winners-of-every-group/>

Compiled by: Aline Régnier and Simon Butler, 30th May 2018

To contact us:

Déjà-vuTrading
34 Bd des Italiens
75009 Paris - France

contact@dejavutrading.com
www.dejavutrading.com
Tel: +33 (0) 1 83 64 14 33 Fax: +33 (0) 1 83 62 45 50



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[+33 \(0\) 1 83 64 14 33](tel:+330183641433)
[+33 \(0\) 1 83 62 45 50](tel:+330183624550)