

Déjà-vuTrading

NEWSLETTER N° 2 / 2018

The Derivatives Industry

CFTC seeks to ease brokers fears over cryptocurrency products

The chairman of the US regulator has informed brokers that his staff would be verifying the governance of the clearing houses dealing with virtual currency derivatives. This follows concerns raised that self-certification by the exchanges was insufficient for such volatile products.

<https://www.ft.com/content/db9d547e-06b4-11e8-9650-9c0ad2d7c5b5>

Bond traders moving towards more electronic trading

According to a report from Liquidnet buy side companies are moving away from traditional RFQ, voice broking to electronic execution. A major factor in this change is the requirement to show best execution under MiFID II rules.

<https://www.thetradenews.com/Asset-Classes/Fixed-income/Buy-side-bond-traders-move-away-from-RFQ-model>

Strong January trading volumes bring hope that 2018 will be a better year for traders

With the CME having its second busiest ever month and other exchanges reporting strong year-on-year growth in volumes, hope prevails that the strong start to the year will continue and give relief to traders struggling with low volumes and volatility over recent years.

<https://www.ft.com/content/3d7823e0-083b-11e8-9650-9c0ad2d7c5b5>

Exchanges, MTFs and CCPs

CME sees daily trading volume records in index derivatives

February 6th saw record option volumes traded with 9.2 million contracts negotiated, 1.1 million more than the previous record set in November 2016. The same day also saw record volumes for equity index options, overall equity futures and options and the e-mini Dow future.

http://www.cmegroup.com/media-room/press-releases/2018/2/07/cme_group_announcesrecordopeninterestandoptionvolumeonfeb6.html

Huge rise in volumes on CBOE's Periodic Auctions book

January saw an 885% jump in average daily notional values traded on the Chicago exchange's Periodic Auction book compared to the last quarter of 2017. This suggests that traders are moving to electronic trading post MiFID II.

[https://www.thetradenews.com/Trading-Venues/Cboe-Periodic-Auctions,-LIS-trading-volumes-soar-to-\\$11-billion/?l=t](https://www.thetradenews.com/Trading-Venues/Cboe-Periodic-Auctions,-LIS-trading-volumes-soar-to-$11-billion/?l=t)

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Deutsche Boerse's incentive wins clearing business from LCH

The incentive scheme whereby Deutsche Boerse will share part of their profits with their largest clients, seems to be paying off. January saw the German clearing house clear seven times the value of OTC derivatives processed in the whole of 2017.

<https://www.ft.com/content/c541e8a6-0a61-11e8-839d-41ca06376bf2>

Regulation

Interactive Brokers fined by Hong Kong authorities

The Hong Kong regulator, the SFC, has fined the local branch of Interactive Brokers \$4.5 million in relation to failures within its algo and electronic trading systems that resulted in severe market movements in two stock prices in 2015 and 2016.

[https://www.thetradenews.com/Regulation/Interactive-Brokers-fined-\\$4-5-million-for-algo-trading-system-failures/](https://www.thetradenews.com/Regulation/Interactive-Brokers-fined-$4-5-million-for-algo-trading-system-failures/)

French authorities say that cryptocurrency derivatives fall under MiFID II

The AMF has become the first European regulator to state its policy on the regulation of cryptocurrency products. It has declared that futures, options and CFD based on Bitcoin and the like are financial contracts and are therefore subject to MiFID II legislation.

<http://www.cityam.com/281107/france-says-bitcoin-and-other-cryptocurrency-derivatives>

Are the regulators about to start enforcing MiFID II rules?

The release by the FCA of studies relating to algo trading has led to speculation that this will be the next area to be targeted by the authorities.

<https://www.ft.com/content/190bf6dc-1180-11e8-8cb6-b9ccc4c4dbbb>

BREXIT

Concerns remain over how Brexit transition will affect London's market infrastructure

Even assuming that there will be a transition period after the UK leaves the EU, complex questions concerning the jurisdiction of clearing houses and securities depositories have still to be considered.

<https://www.ft.com/content/3c965a06-1663-11e8-9376-4a6390addb44>

Industry Events

28th February 2018 MiFID II Check In Event

London

<https://www.thetradenews.com/Regulation/The-TRADE-launches-first-event-of-2018,-MiFID-II-Check-In/>

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7th March 2018

FOW Trading Amsterdam

Amsterdam

<https://globalinvestorgroup.com/event/18/fow-trading-amsterdam>

Average Daily Volumes per exchange

Euronext	January	0.6 million	(+25.9% y.o.y.)
Eurex	January	6.3 million	(+10.5% y.o.y.)
ICE/LIFFE	January	6.2 million	(+11.4% y.o.y.)
CME	January	19.0 million	(+18.4% y.o.y.)

<https://derivatives.euronext.com/en/reports-statistics/derivatives/monthly-statistics>

<http://www.eurexchange.com/exchange-en/market-data/statistics/monthly-statistics>

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

[http://www.cmegroup.com/media-room/press-](http://www.cmegroup.com/media-room/press-releases/2018/2/02/cme_group_reachedaveragedailyvolumeof19millioncontractsinjanuary.html)

[releases/2018/2/02/cme_group_reachedaveragedailyvolumeof19millioncontractsinjanuary.html](http://www.cmegroup.com/media-room/press-releases/2018/2/02/cme_group_reachedaveragedailyvolumeof19millioncontractsinjanuary.html)

And finally...

Bitcoin for Valentine's Day?

What could be a greater sign of affection than giving your loved one an engraved Bitcoin?

<https://www.producthunt.com/posts/the-valentine-coin>

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