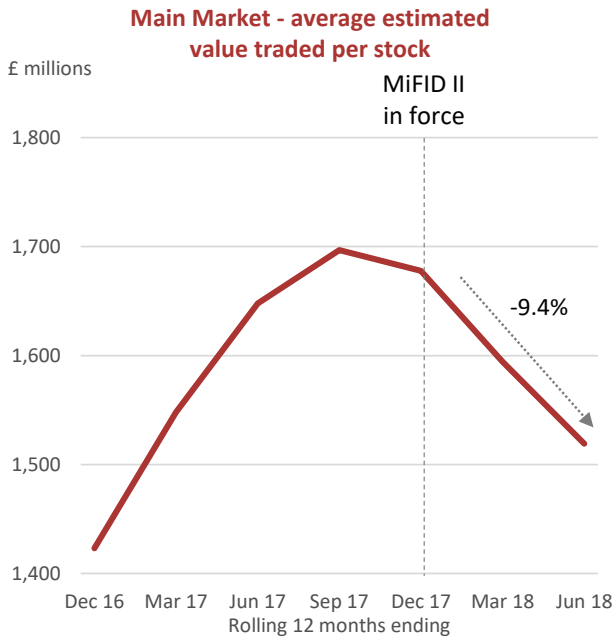
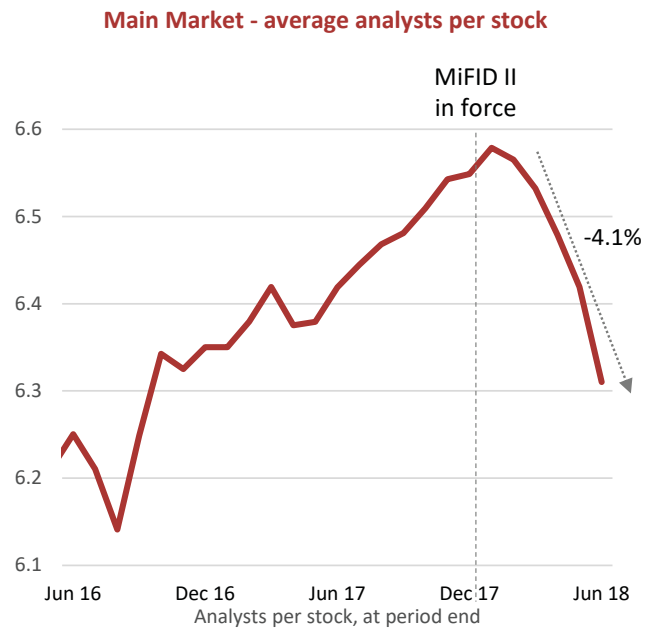


# MiFID II Monitor

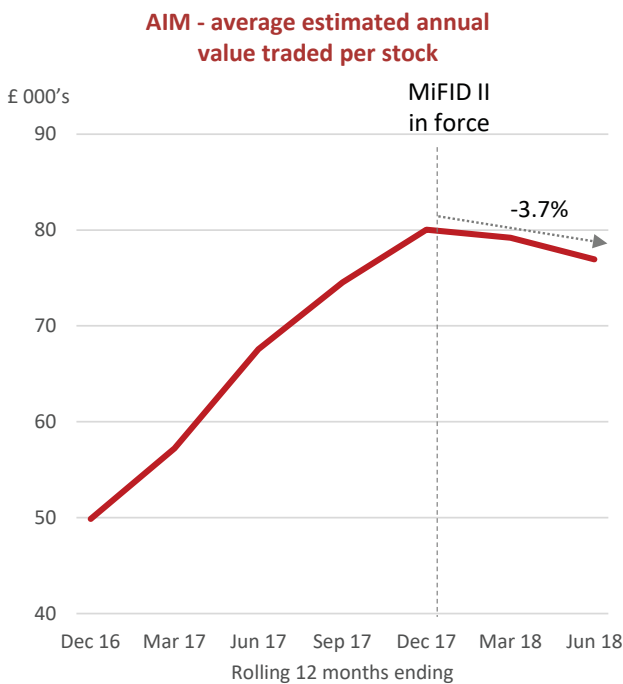
Quarter ending 30 June 2018



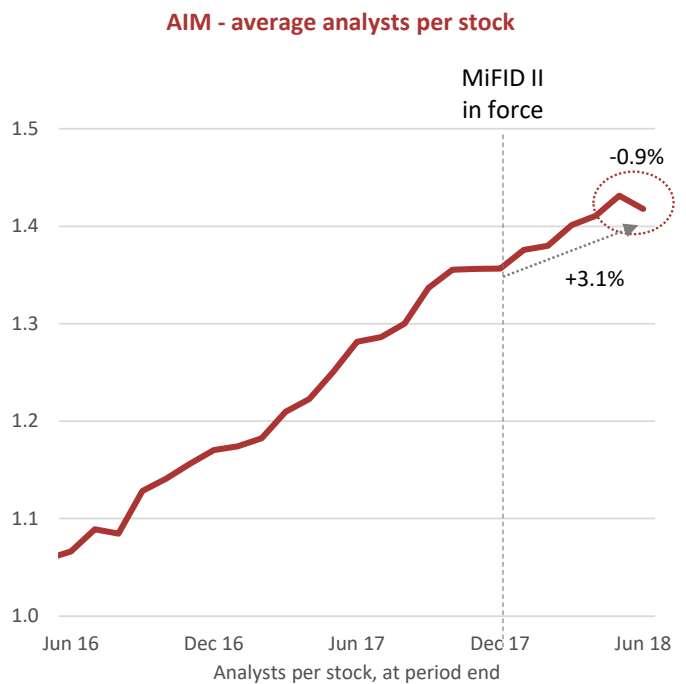
*Average Main Market liquidity tightens 9.4% ...*



*... and average Main Market research coverage slips 4.1% since January 2018 peak.*

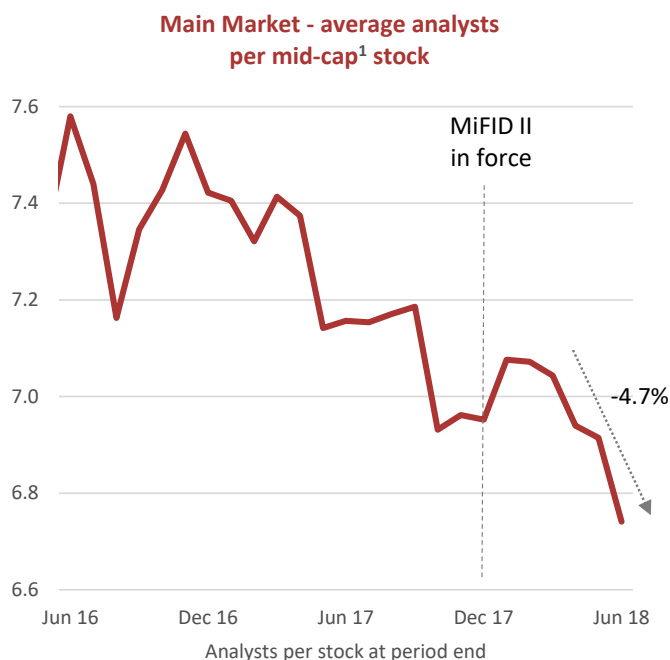
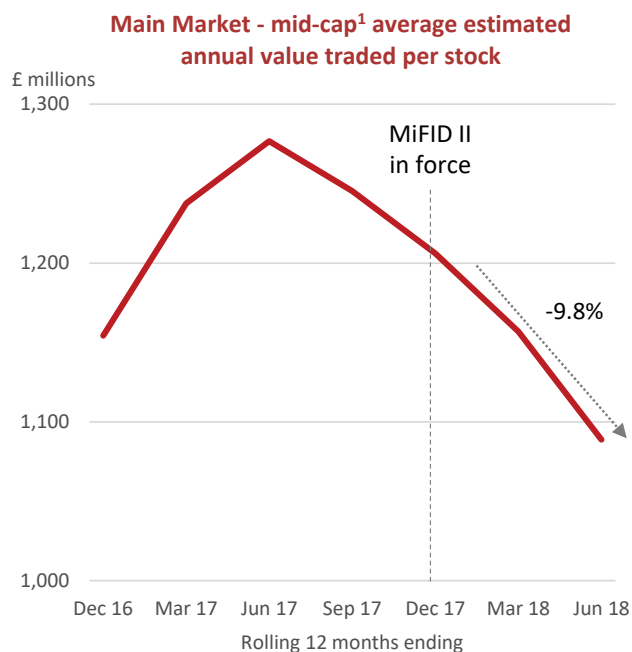


*Liquidity contracts 3.7% for AIM stocks ...*



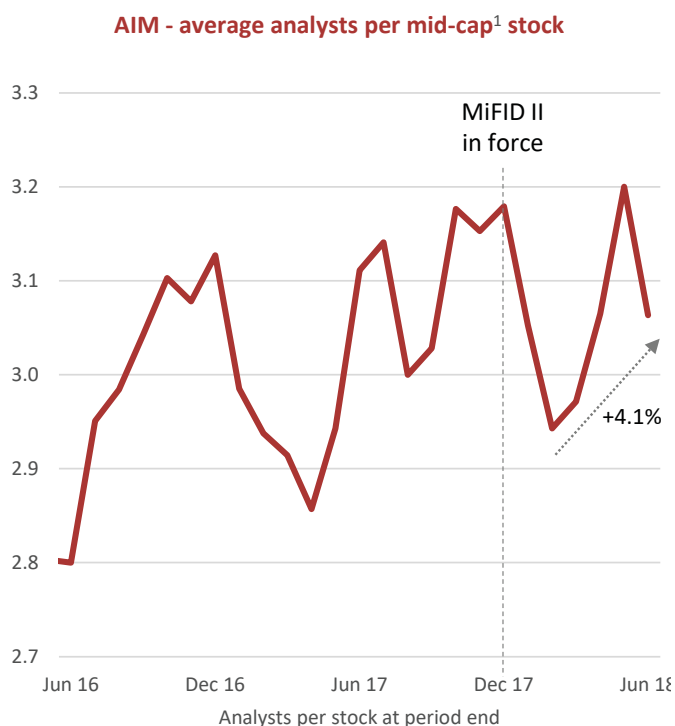
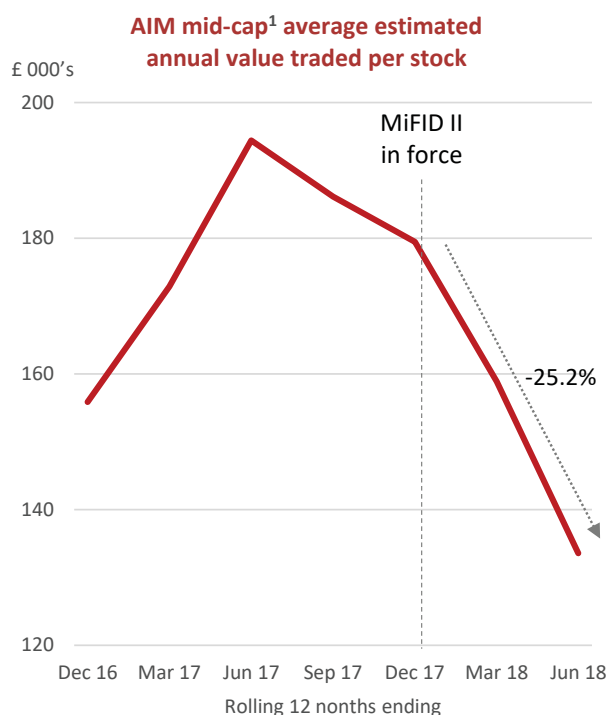
*... but AIM research coverage rises 3.1% since January 2018, despite 0.9% fall in June 2018.*

## Quarter ending 30 June 2018 – Mid-market snapshot



*Average Main Market mid-cap<sup>1</sup> liquidity tightens 9.8% ...*

*... and average Main Market mid-cap<sup>1</sup> research coverage dips 4.7% since January 2018.*



*Liquidity shrinks 25% for AIM mid-cap<sup>1</sup> stocks ...*

*... but research rises 4.1% since Feb 2018 low.*

1) Mid-cap definition: £600m - £5bn market capitalisation for Main Market (approx. FTSE=250 equivalent) / £200-£600m market cap for AIM stocks

# MiFID II Monitor

## Quarter ending 30 June 2018

### LSE Main Market: Average Stock Liquidity

Mkt cap band	Value traded per stock (£millions)					June 2018 % change since		
	Rolling 12M ending							
	Jun 18	Mar 18	Dec 17	Sep 17	Jun 17	Mar 18	Dec 17	Sep 17
£0-600m	70.4	74.8	77.3	77.5	77.2	-5.8%	-8.9%	-9.1%
£600-5,000m	1,089	1,158	1,208	1,246	1,275	-5.9%	-9.8%	-12.6%
>£5,000m	9,891	10,320	10,795	11,612	11,402	-4.2%	-8.4%	-14.8%
<b>Whole Market</b>	<b>1,521</b>	<b>1,597</b>	<b>1,680</b>	<b>1,696</b>	<b>1,646</b>	<b>-4.7%</b>	<b>-9.4%</b>	<b>-10.3%</b>

Mkt cap band	Analyst coverage per stock					Change since		
	Period ended							
	Jun 18	Mar 18	Dec 17	Sep 17	Jun 17	Mar 18	Dec 17	Sep 17
£0-600m	2.34	2.51	2.25	2.18	2.03	-6.7%	+4.3%	+7.7%
£600-5,000m	6.74	7.04	6.95	7.19	7.16	-4.3%	-3.0%	-6.2%
>£5,000m	15.6	16.7	16.6	16.5	16.6	-6.0%	-6.0%	-5.0%
<b>Whole Market</b>	<b>6.31</b>	<b>6.53</b>	<b>6.55</b>	<b>6.48</b>	<b>6.42</b>	<b>-3.4%</b>	<b>-3.6%</b>	<b>-2.6%</b>

Source: London Stock Exchange, FactSet, Hardman & Co

### LSE AIM: Average Stock Liquidity

Mkt cap band	Value traded per stock (£millions)					June 2018 % change since		
	Rolling 12M ending							
	Jun 18	Mar 18	Dec 17	Sep 17	Jun 17	Mar 18	Dec 17	Sep 17
£0-200m	22.2	22.8	23.5	21.3	18.5	-2.6%	-5.4%	+4.5%
£200-600m	133	157	178	185	195	-14.9%	-25.2%	-28.1%
>£600m	1,011	1,078	1,105	1,137	1,156	-6.2%	-8.4%	-11.0%
<b>Whole Market</b>	<b>77.0</b>	<b>79.2</b>	<b>79.9</b>	<b>74.6</b>	<b>67.9</b>	<b>-2.8%</b>	<b>-3.7%</b>	<b>+3.2%</b>

Mkt cap band	Analyst coverage per stock					Change since		
	Period ended							
	Jun 18	Mar 18	Dec 17	Sep 17	Jun 17	Mar 18	Dec 17	Sep 17
£0-200m	1.05	1.08	1.03	1.03	0.98	-2.1%	+2.6%	+1.9%
£200-600m	3.06	2.97	3.18	3.03	3.11	+3.1%	-3.6%	+1.2%
>£600m	5.55	5.66	5.13	5.17	5.16	-1.9%	+8.1%	+7.4%
<b>Whole Market</b>	<b>1.42</b>	<b>1.40</b>	<b>1.36</b>	<b>1.34</b>	<b>1.28</b>	<b>+1.2%</b>	<b>+4.5%</b>	<b>+6.1%</b>

Source: London Stock Exchange, FactSet, Hardman & Co

## Methodology

Liquidity and commission data are derived from London Stock Exchange monthly trading volume reports, and research coverage is sourced from FactSet.

Liquidity data is sourced from Hardman's proprietary database, maintained for several years, constructed from London Stock Exchange trade data. Further details available in our October 2017 research '*Liquidity – little understood, even before MiFID II*' <http://www.hardmanandco.com/docs/default-source/newsletters/hardman-co-article---liquidity-little-understood-even-before-mifid-ii--october-2017.pdf>

Research coverage data is sourced from FactSet, totalling current publishing analyst broker research coverage for each stock in the FTSE All-Share and FTSE AIM All-Share indices, and presenting as an average across each market capitalisation band. 'Current publishing analysts' is defined as the total number of research firms updating earnings estimates on each stock (FactSet's "Number of Analysts" on the main Estimates screen), up to 270 days old, including all brokers except for the following commissioned research providers: Hardman & Co, Edison Investment Research, Equity Development and Progressive Equity Research. Data is aggregated according to historic market capitalisation at each calendar month end. Averages are total number of publishing analysts for all stocks in each market capitalisation band, divided by number of companies in that band, both as at each calendar month end.

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