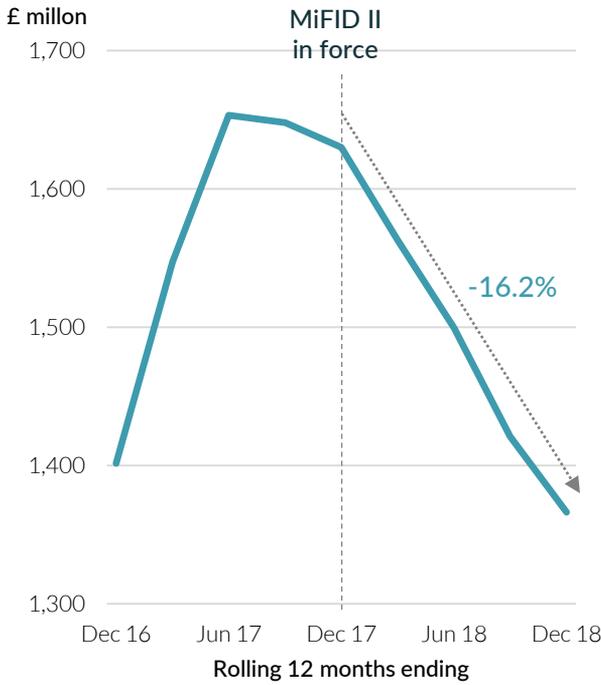




MiFID II MONITOR: Whole market snapshot to 31 December 2018

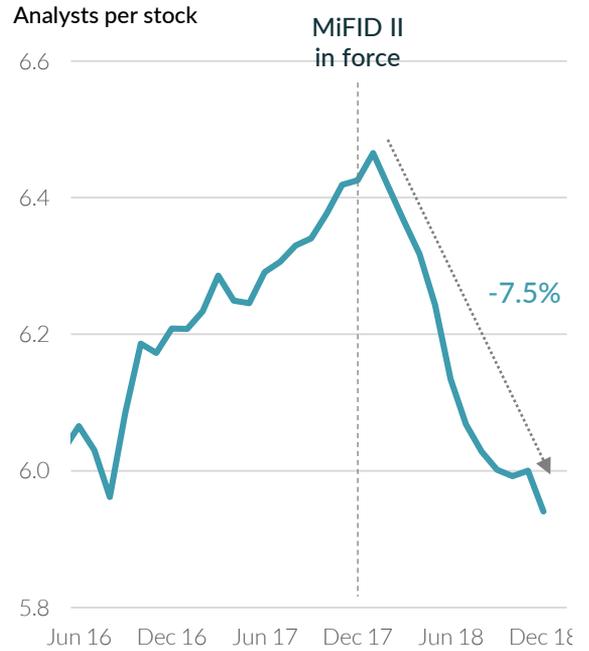
Main Market - avg. estimated annual value traded per stock

On Main Market, average liquidity tightens 16.2% by end Dec 2018...



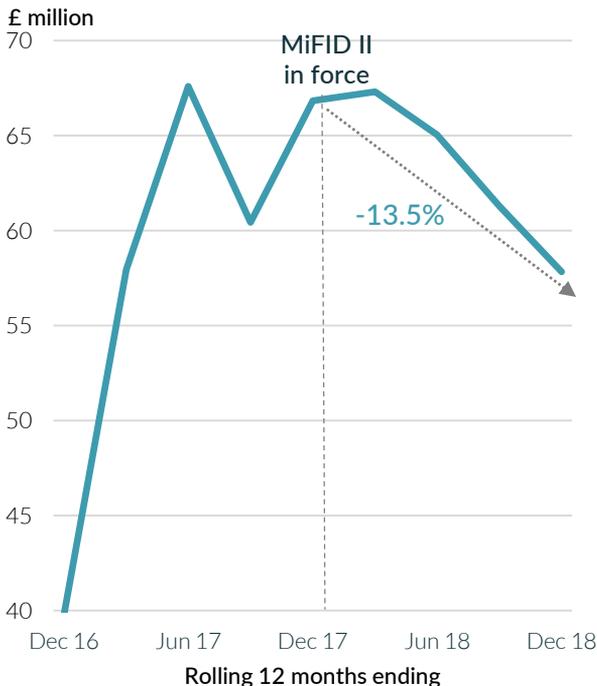
Main Market - average analysts per stock

... and average research coverage slips 7.5% since December 2017.



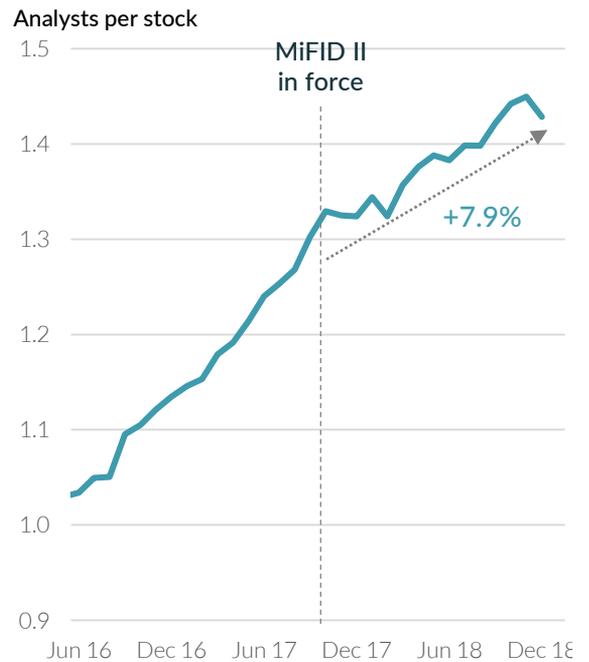
AIM - average estimated annual value traded per stock

AIM Liquidity contracts -13.5% in 12 months to 31 Dec 2018...



AIM - average analysts per stock

... but AIM research coverage up 7.9% since December 2017.

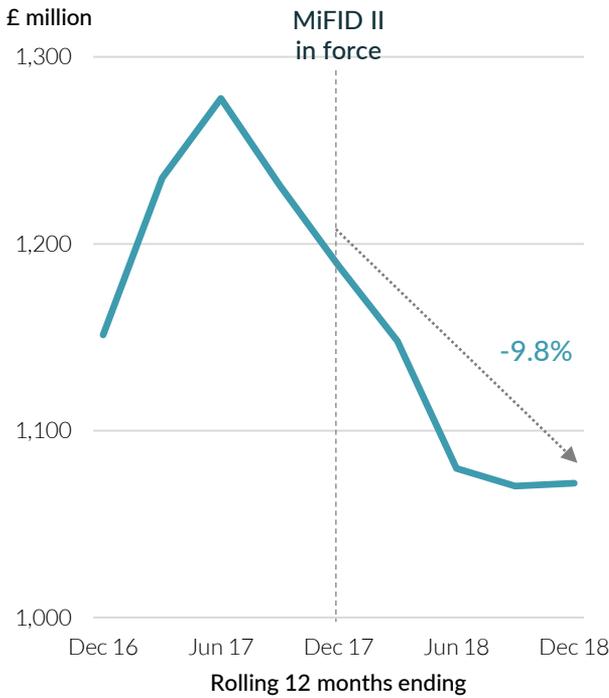




MiFID II MONITOR: Mid-cap snapshot to 31 December 2018

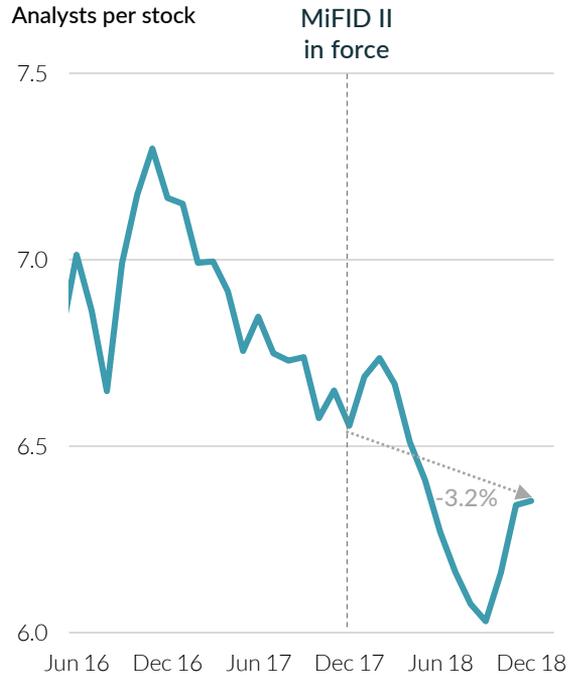
Main Market - avg. estimated annual value traded per stock

On Main Market, average liquidity tightens 9.8% by end Dec 2018...



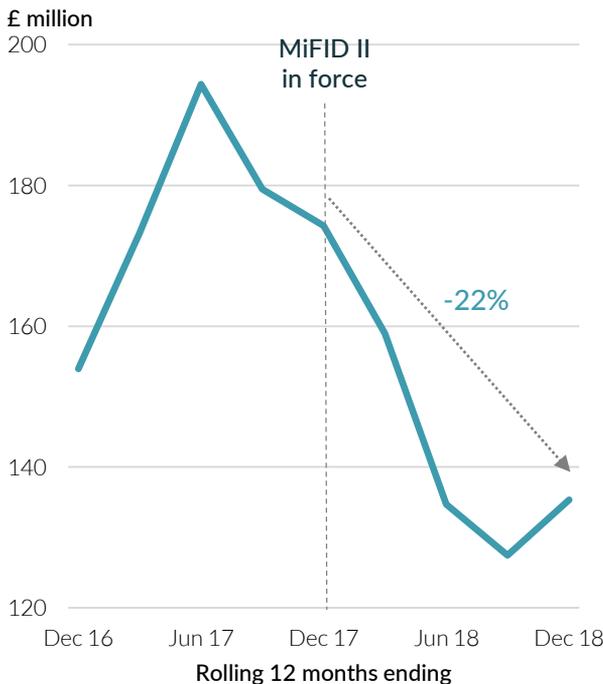
Main Market - average analysts per stock

... and average research coverage slips 3.2% since December '17 peak



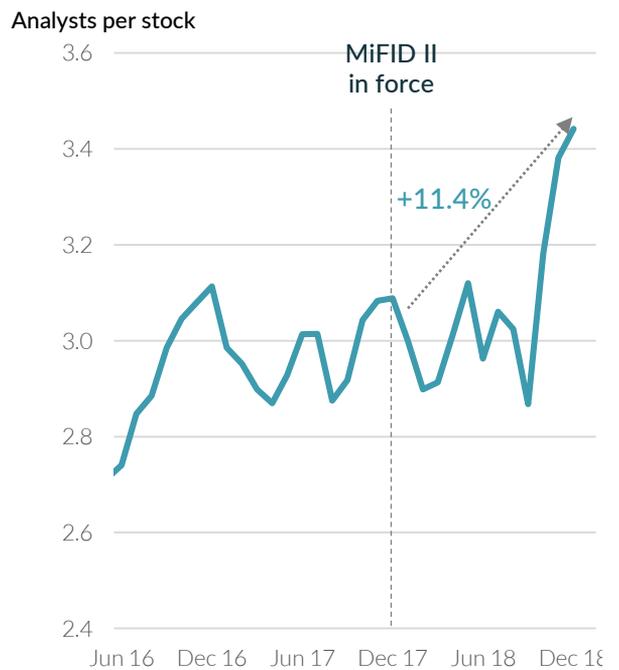
AIM - average estimated annual value traded per stock

AIM Liquidity contracts 22% by end Dec 2018...



AIM - average analysts per stock

... and AIM research coverage down 8.1% since Dec 2017





MiFID II MONITOR: Data To 31 December 2018

LSE Main Market: Average Stock Liquidity

Mkt cap band ¹	Value traded per stock (£millions)							
	Rolling 12M ending					Dec 2018 % change since		
	Dec 17	Mar 18	Jun 18	Sep 18	Dec 18	Dec 17	Jun 18	Sep 18
Small cap (£0-600m)	76.5	74.5	70.7	68.1	67.0	-12.5%	-5.3%	-1.7%
Mid cap (£600-5,000m)	1,188	1,148	1,080	1,070	1,072	-9.8%	-0.7%	+0.1%
Large cap (>£5,000m)	10,679	10,242	9,853	9,261	9,056	-15.2%	-8.1%	-2.2%
Whole Market	1,630	1,563	1,500	1,421	1,366	-16.2%	-8.9%	-3.9%

LSE Main Market: Average Research Coverage

Mkt cap band ¹	Analyst coverage per stock							
	Period ended					Change since		
	Dec 17	Mar 18	Jun 18	Sep 18	Dec 18	Dec 17	Jun 18	Sep 18
Small cap (£0-600m)	2.21	2.48	2.31	2.42	2.55	+15.6%	+10.3%	+5.6%
Mid cap (£600-4,000m)	6.56	6.67	6.27	6.03	6.35	-3.1%	+1.3%	+5.3%
Large cap (>£4,000m)	15.8	15.8	14.8	14.4	14.7	-7.4%	-0.9%	+2.0%
Whole Market	6.43	6.37	6.13	6.00	5.94	-7.5%	-3.2%	-1.0%

Source: London Stock Exchange, FactSet, Hardman & Co

LSE AIM: Average Stock Liquidity

Mkt cap band ¹	Value traded per stock (£millions)							
	Rolling 12M ending					Dec 2018 % change since		
	Dec 17	Mar 18	Jun 18	Sep 18	Dec 18	Dec 17	Jun 18	Sep 18
Small cap (£0-200m)	22.6	22.0	21.7	20.1	17.9	-20.8%	-17.6%	-11.2%
Mid cap (£200-600m)	174.3	159.0	134.7	127.4	135.4	-22.3%	+0.5%	+6.2%
Large cap (>£600m)	1,080	1,053	963.0	872.6	856.2	-20.8%	-11.1%	-1.9%
Whole Market	66.8	67.3	65.0	61.3	57.8	-13.5%	-11.1%	-5.7%

LSE AIM: Average Research Coverage

Mkt cap band ¹	Analyst coverage per stock							
	Period ended					Change since		
	Dec 17	Mar 18	Jun 18	Sep 18	Dec 18	Dec 17	Jun 18	Sep 18
Small cap (£0-200m)	0.98	1.01	1.01	1.03	1.06	+8.6%	+5.4%	+2.7%
Mid cap (£200-600m)	3.09	2.91	2.96	2.87	3.44	+11.4%	+16.2%	+20.0%
Large cap (>£600m)	5.24	5.50	5.41	5.51	5.78	+10.3%	+7.0%	+4.9%
Whole Market	1.32	1.34	1.39	1.40	1.41	+7.9%	+3.3%	+0.4%

Source: London Stock Exchange, FactSet, Hardman & Co

1) LSE Market cap bands broadly equivalent to FTSE-100, FTSE-250, rest of market



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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