



SIX Swiss Exchange

Auction Volume Discovery (AVD)

Introducing a new order type to execute hidden volume at the uncrossing of the opening and closing auctions.

SIX Swiss Exchange registered increased appetite from the industry to execute in auctions. AVD orders support the discrete submission of liquidity into the primary auction remaining hidden from the market.

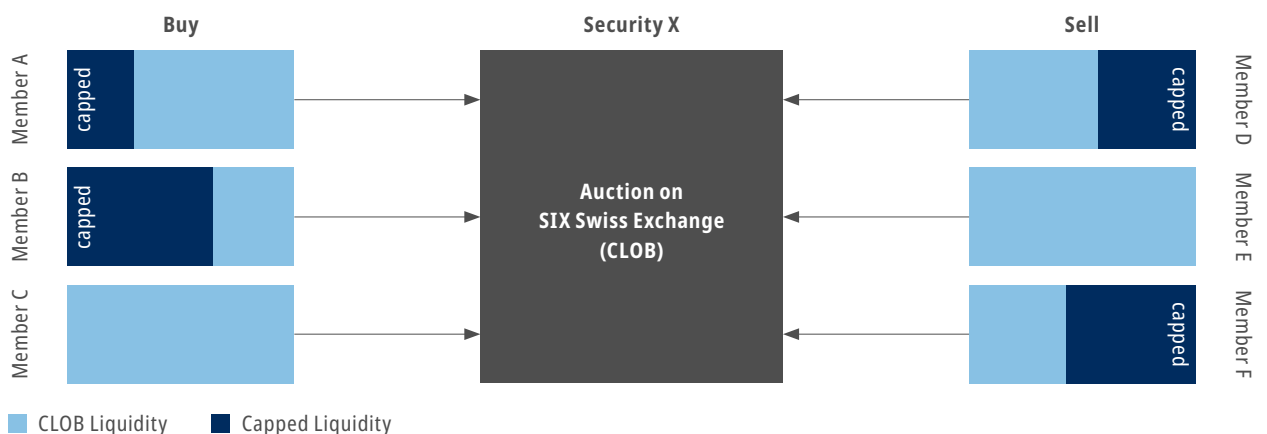
Finding Additional Liquidity

European equity markets have seen a swell in value traded in primary auctions and SIX Swiss Exchange registered increased appetite from the industry to execute primarily at the close – but there is an understandable caution about price impact. The expression of this caution is often the use of a “participation cap/rate”. The use of participation caps/rates leaves contra-liquidity on the sidelines of the auction. Our new AVD order type has been designed to stitch this capped liquidity together, without information leakage or price impact.

Your Advantages at a Glance

- AVD orders will support the discrete submission of currently non-participating (auction) liquidity into the primary auction.
- AVD orders remain hidden from the market, not contributing to theoretical uncross price or volume during the auction call phase.
- At the uncross AVD orders are considered for matching, only contributing volume at an already established uncross price.

Aggregating Capped Liquidity without Leakage of Information or Price Impact



Functionality Description

AVD orders can execute in the auction uncross in two scenarios:

1. Against auction overhang liquidity
2. Against a contra-AVD order

AVD orders will support both market and limit varieties and will be matched on size/time priority, supporting optional MEQ.

The matching priority of AVD falls behind all price forming orders, meaning their use cannot guarantee a fill, avoiding where possible cannibalisation of existing auction liquidity and attracting incremental liquidity.

Executed AVD orders will be flagged in the market data to indicate their contribution.

AVD orders will be eligible to be used in all fixed time auctions on SSX (opening and closing); non-executed AVD orders can be optionally rolled (silently) into our TAL session but are only available GFD (Good for Day)

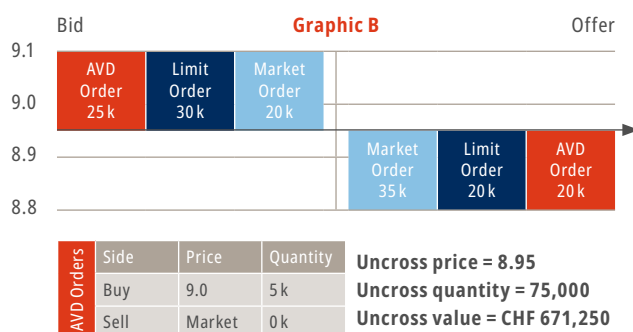
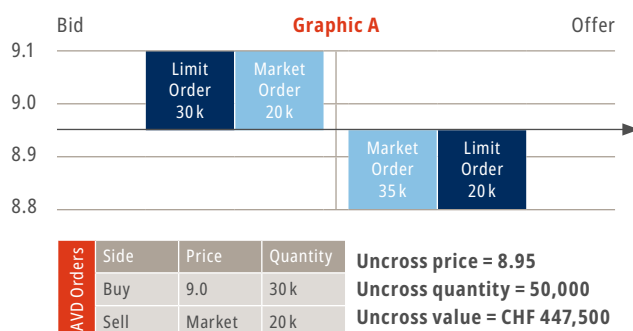
Technical Details

All participants can enter Auction Volume Discovery orders via OTI and STI for the opening and closing auctions using the order Condition field value "Auction Volume Discovery". No subscription or configuration is required for the service. As these orders are subject to a pre-trade transparency waiver, no pre-trade data will be disseminated for them via IMI or MDDX.

Contact us for more information:
equity.products@six-group.com

Worked Example

1. Auction call phase creates an uncross outcome of **50k shares traded at a price of 8.95**, with 5k share overhang of marketable sell limit orders (Graphic A)
2. At the moment of closing auction uncross, the AVD orders are considered for matching in the book (Graphic B)
3. The AVD buy order absorbs 5k of sell order auction overhang
4. 20k shares from from AVD buy and sell orders can be traded against each other
5. Total auction **executed quantity increases from 50k to 75k**, to a value executed of CHF 671,250



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SIX Swiss Exchange Ltd
 Pfingstweidstrasse 110
 P.O. Box
 CH-8021 Zurich

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