Trading Fragmentation in the Portuguese Equity Market

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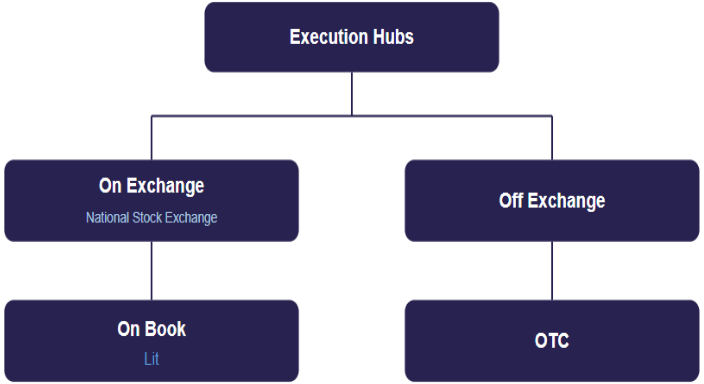
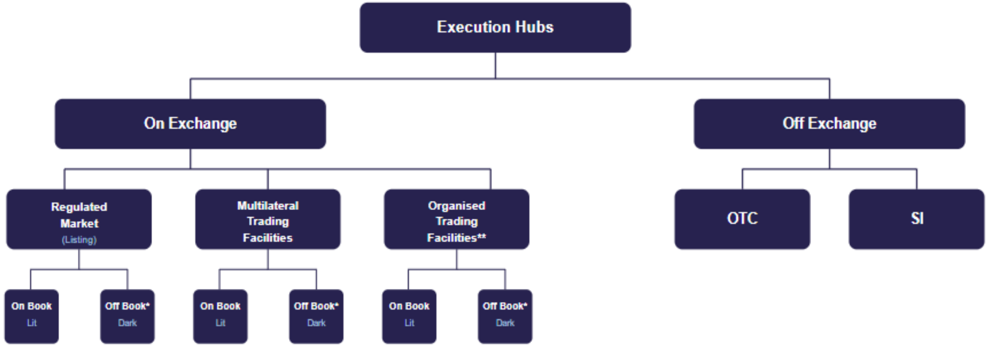
Data Treatment, Classification and Universe

Classification by venue type and transparency regime (MiFID II)



Pre-MiFID I (before 2007)



* Dark Trading refers to the execution of trades without pre-trade transparency, as permitted under specific MiFID II waivers.

** OTFs were introduced by MiFID II but are restricted to non-equity instruments (bonds, structured products, emission allowances and derivatives).
OTFs are not permitted venues for equity trading and are therefore excluded from the scope of this analysis.

Post-MiFID I (2007) — deepened by MiFID II (2018)

Market concentrated in the national exchange. Euronext Lisbon held a *de facto* monopoly. Trading exclusively on-book with residual OTC.

MiFID I introduced competition between venues, creating MTFs and SIs as regulated categories. MiFID II formalized and regulated this framework — structuring waivers and strengthening the SI regime. This is the framework in force during the period analyzed (2020–2025).

Venues:
Trading at venues within and outside the EU

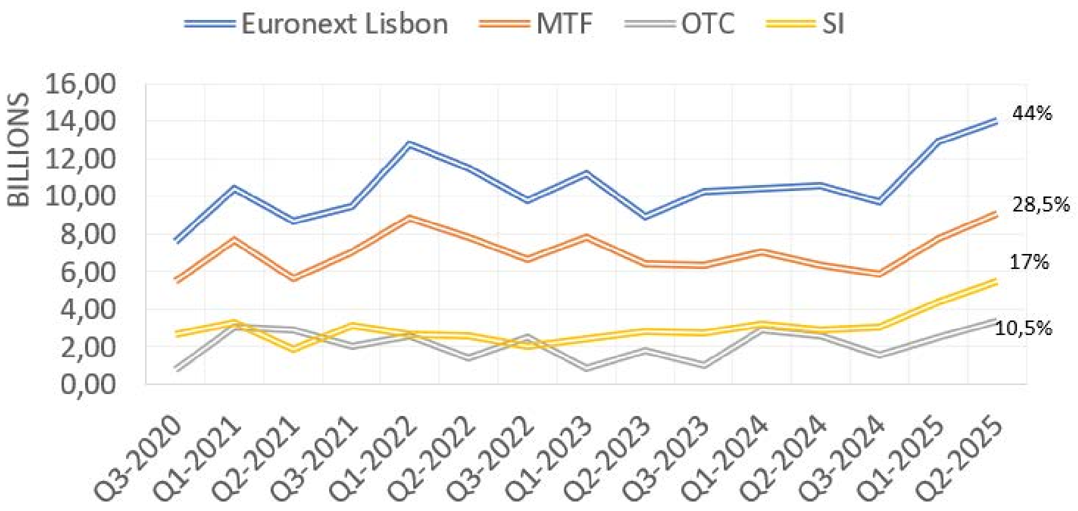
Universe:
PSI-listed equities

Period considered:
September 2020 – August 2025

Source:
Refinitiv (Reuters)

PSI Trading Fragmentation

Macro Perspective | Quadrimestral turnover by market segment, 2020–2025 (all trading)



1. Euronext Lisbon maintains structural leadership

- Primary execution venue throughout the entire period (most liquid venue)
- Turnover consistently higher than all other segments

2. MTFs constitute the second On-Exchange trading hub

- Stable volumes throughout the period — approximately 38–43% of On-Exchange trading

3. Regulated market and MTFs possibly respond to the same macro factors

- Regulated markets and MTFs evolve in a strongly correlated manner, while Off-Exchange appears to follow a more autonomous dynamic.

Two main ideas concerning On-Exchange activity

Distribution across venues of On-Exchange trading

Euronext Lisbon ~ 61%	**MTFs ~ 39%.**

Distribution of On-Exchange trading between on- e off-book

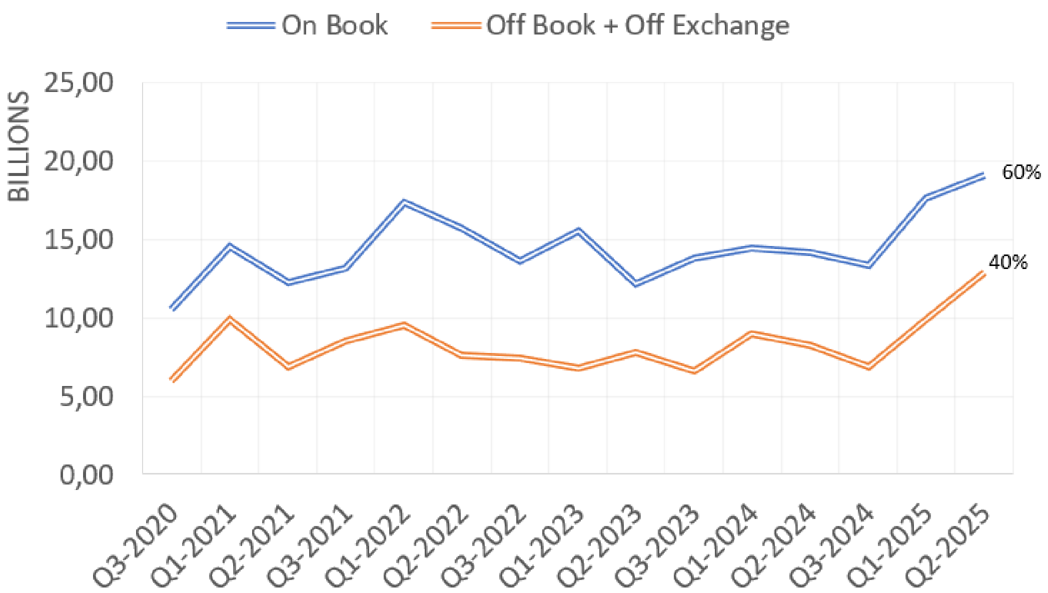
On-book share ranged 80–89% in the 2020–2025 period.	**Off-book 11-20%**

The 11–20% off-book share comes almost entirely from MTFs — which execute 37–49% of their own volume off-book. Euronext Lisbon contributes less than 1% to off-book dark trading.

Growth Dynamics

Macro Perspective | On-book execution vs. execution outside the central order book (all trading)

The market remains anchored in the central order book, but aggregate growth is increasingly concentrated outside it.



The on-book (Euronext Lisbon + MTFs) remains the primary hub for transparent liquidity

- Lit and dark trading experienced a strong growth (2024-25). On-book absorbs the majority of turnover throughout the entire period
- Maintains consistent leadership, even during periods of market retrenchment
- Serves as the public price reference in the PSI market

Execution outside the central book is gaining structural weight

- Off-book (waivers) + Off-Exchange grew more dynamically
- Growing contribution to total trading dynamics

Off-Exchange is the primary growth driver

- SI + OTC: CAGR 20.0% | elasticity 1.69
- Growth 69% above the aggregate market
- Expansion of the off-market perimeter is increasingly conditioning market development
- Systematic Internalizers: Primary driver of non-centralized trading growth

Trading Patterns by Venue (Regulated market vs MTFs)

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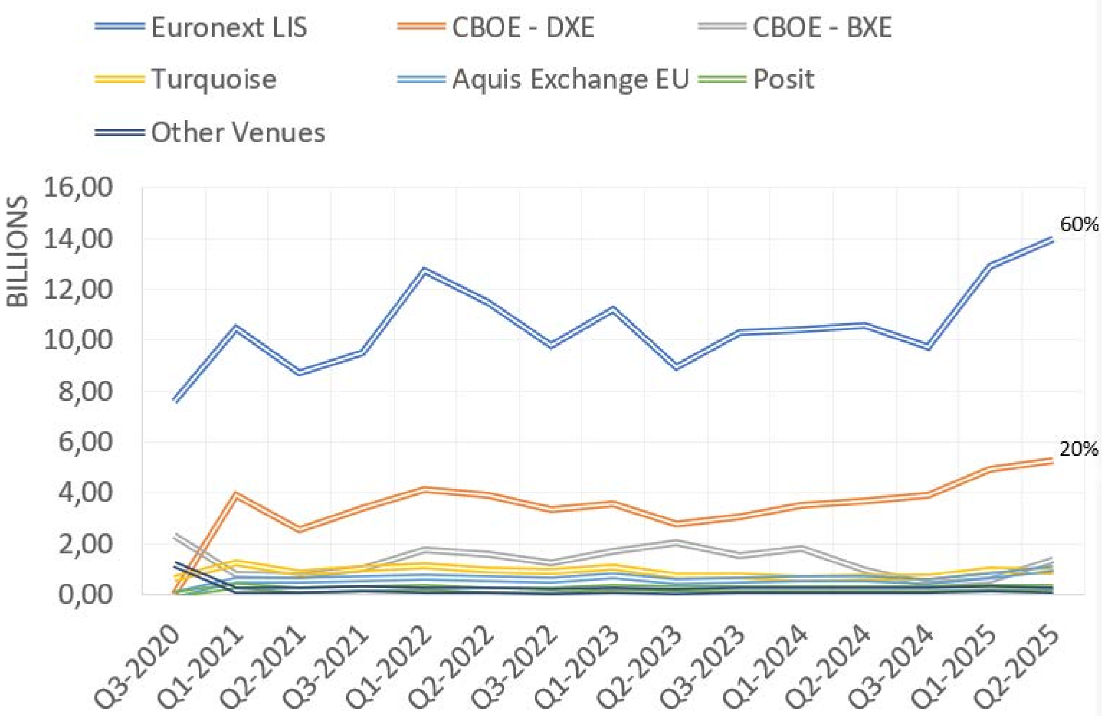
Temporal Dynamics of Turnover by Venue (On exchange trading)



Euronext Lisbon: structural centre of the market

Remains the primary venue throughout the period. Turnover almost doubled from €7.5 billion (Q3-2020) to ~€14 billion (Q2-2025).

CBOE-DXE (Amsterdam) : primary effective competitor

Clearly expansionary profile. Consolidates as the most relevant MTF in the PSI ecosystem. Captures marginal growth with no evidence of liquidity drainage from Euronext.

MTFs (On book vs. off book)

On-book Lit Trading: More concentrated and predictable structure — Euronext Lisbon and CBOE-DXE dominate consistently. CBOE-BXE (London) has residual presence on Lit Trading
Off-book dark trading (trading with transparency waivers): Less concentrated and more volatile structure — CBOE-BXE with recurring spikes. DXE predominantly lit, but with increasing dark activity since 2024.

Conclusions

Fragmentation — What changed (and what did not)

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Structural evolution of the Portuguese equity market

What changed	What did not change
Fragmentation brought more business to all trading “hubs”. No evidence of “cannibalization”	Euronext Lisbon remains the central channel for trading and price formation. On-Exchange continues to be dominant, even in a more fragmented market.
Bilateral perimeter in expansion — SIs as one of the main drivers of recent growth.	DXE MTF captures additional incremental flow — it does not redirect orders that would otherwise have gone to Euronext Lisbon. This is additive, not substitutive, competition.

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Thank you

Q&A

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