



TOPICS:

Market Risk

SOURCE:

International Organization of Securities Commissions

IOSCO: Reports on the Evolution of Market Liquidity During the Trading Day for Equity Markets and on Extended Trading Hours for Equity Venues

- The Consultation Report examines the **increasing concentration of equity trading activity in end-of-day closing auctions and the potential risks this creates** for market integrity, operational resilience and investor protection. **Comments** on the Consultation may be submitted on or before **21 August 2026**.
- IOSCO found that, between 2020 and 2025, many jurisdictions experienced significant growth in trading volumes executed at the market close, driven largely by **passive investment strategies, benchmark tracking and demand for execution certainty**.
- The report highlights several key risks associated with these changing liquidity patterns, including **reduced liquidity** during continuous trading sessions, increased susceptibility to **market manipulation** practices such as “marking the close,” greater **volatility** around auction periods and heightened **operational and cyber resilience pressures** on trading venues.

IOSCO also notes growing use of mechanisms allowing investors to trade at the closing price outside formal closing auctions.

- To address these concerns, **IOSCO proposes a set of good practices for regulators and trading venues**. These include enhanced monitoring of intraday liquidity trends, stronger stress testing and business continuity planning, improved cybersecurity and operational resilience measures, liquidity-sensitive market surveillance and regular recalibration of volatility control mechanisms.

