Consultation Fact Sheet

# Regulatory Considerations and Good Practices on the Evolution of Market Liquidity During the Trading Day

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| Body<br>IOSCO | |
| Published<br>2026-05-21 | Consultation deadline<br>2026-08-21 |
| Scope of application<br>Global equity markets, covering regulators' and trading venues' oversight of intraday liquidity, closing auctions, post-close and guaranteed-close execution, operational resilience, surveillance and volatility controls | Impacted / targeted stakeholders<br>Securities regulators and supervisors, equity trading venues; broker-dealers and systematic internalisers; asset managers, index/ETF managers and institutional investors, equity-derivatives venues and CCPs |

## Synthesis


> IOSCO is consulting on five non-binding good-practice areas in response to the growing concentration of equity trading at the close. Its global stocktake finds that closing-auction volumes generally increased between 2020 and 2025 and that mechanisms guaranteeing execution at the closing price are becoming more prevalent. IOSCO identifies potential implications for continuous-session liquidity, price formation and benchmark integrity, market manipulation, operational and cyber resilience, volatility controls and cash-equity/derivatives linkages. It proposes enhanced monitoring of intraday liquidity and closing-price execution, stronger venue resilience, liquidity-sensitive and cross-asset surveillance, liquidity-informed VCM calibration, and supervisory assessment of venue responses.


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## Purpose & rationale

Equity trading is increasingly concentrated in end-of-day auctions, driven by passive investment, index-related activity, execution-risk considerations and market participants' preference for concentrated liquidity. While deeper closing auctions can support liquidity and price discovery, concentration at the close may reduce liquidity during continuous trading and heighten operational, cyber, manipulation, volatility, price-formation and benchmark-integrity risks. IOSCO's global stocktake, launched in March 2025, assesses whether existing venue controls and supervisory tools remain fit for these evolving market dynamics.

Specific policy objectives:

- Map and explain global intraday liquidity patterns, including closing-auction, post-close and guaranteed-close activity and the drivers of concentration at the close.
- Assess implications for market quality, price formation, benchmark integrity, competition and investor protection, including linkages between cash equities and related derivatives.
- Identify operational and cyber resilience, manipulation, volatility-control, liquidity and settlement risks, and evaluate existing venue, regulatory and supervisory responses.
- Establish proportionate, non-binding good practices for regulators and trading venues

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## Key proposals

IOSCO proposes five complementary, non-binding good-practice areas for regulators and trading venues. The measures are intended to be applied proportionately to local market structures and liquidity profiles, with emphasis on continuous monitoring, evidence-based calibration and coordinated oversight across trading phases and related markets.

- Assess intraday liquidity dynamics: monitor the share of trading in closing auctions and post-close sessions at venue and market level; track guaranteed-close mechanisms; and investigate the drivers and risks where closing-price execution is rising.
- Strengthen operational resilience: reflect concentrated-liquidity periods in business continuity and disaster recovery plans; stress test above historical peaks; maintain scalable capacity headroom and back-up arrangements; embed cyber governance and testing; and monitor latency, throughput and system load in real time.
- Make surveillance liquidity-sensitive: calibrate risk-based alerts using volume, bid-ask spreads and order-book depth; distinguish risks across continuous and auction phases; and monitor cross-asset manipulation around closing auctions, index rebalancing and derivatives expiries, using appropriate data-driven tools.
- Review volatility controls: calibrate VCMs for liquidity concentrations across trading periods and monitor persistent changes in liquidity dynamics as a basis for evidence-based recalibration.
- Enhance supervisory oversight: regulators should assess how trading venues identify, monitor and respond to risks from changing intraday liquidity dynamics, including through risk-based engagement and intraday analytics.

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## Implementation & next steps

Following consultation, IOSCO will consider the feedback in deciding whether to refine and finalise the proposed good practices and undertake further work.

Appendix

# Key concepts and definitions

| Term | Definition |
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| End-of-day auction / closing auction | A limited-period mechanism at the end of continuous trading in which buy and sell orders are collected and matched at a single closing price for a listed security. |
| Post-close session / closing-price crossing session | A short session, typically immediately after the closing auction, in which orders may be entered and matched only at the established closing price. |
| Guaranteed-close mechanism | An arrangement that gives an investor execution at the official closing price without routing the order through the primary trading venue's closing auction. |
| Indicative closing price | The price at which auction orders would execute if the auction ended at that moment; it is typically disseminated during the order-input period. |
| Uncrossing algorithm | The auction algorithm that selects the closing price, generally by maximising executable volume and, where relevant, minimising order imbalance or deviation from a reference price. |
| Volatility control mechanism (VCM) | A price-based safeguard - such as static or dynamic thresholds, price collars, trading pauses or volatility auctions - used to contain extreme volatility and support orderly price formation. |
| Marking the close | Strategic order placement or trading near or during the closing auction intended to influence the closing price without genuine trading intent. |
| Intraday liquidity metrics | Time-sensitive measures such as traded volume, bid-ask spreads and order-book depth used to assess liquidity conditions and calibrate surveillance or controls across trading phases. |