# THE CNMV PUBLISHES ARTICLE ON MARKET FRAGMENTATION, WINNER OF THE 2025 FINANCE FORUM AWARD

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Today, the Spanish National Securities Market Commission (CNMV) published the article **"Market Fragmentation: A Cushion Against Exchange Outages?"**, by Hans Degryse (KU Leuven and CEPR), Björn Hagströmer (Sveriges Riksbank), and Niklas Landsberg (KU Leuven). The article received the CNMV award for best paper on securities markets and their regulation at the 32nd Finance Forum, organised by the Spanish Finance Association (AEFIN), held in Pamplona in July 2025.

In this paper, the authors test the widely held hypothesis that having multiple alternative trading venues for the same securities can provide beneficial redundancy. According to this hypothesis, in financial markets where several exchanges compete for order flow in the same shares, an outage at one venue would cause trading to shift to others that could take over. However, although trading remains technically feasible on these alternative venues, overall market liquidity collapses when outages affect the primary venue. The effective spread rises by 110%, while turnover falls by 96%, indicating that the level of ex ante fragmentation does not mitigate illiquidity during outages.

It can be inferred that traders operating on alternative venues recognise that they lack sufficient information when the primary market is disrupted and prefer to refrain from trading on alternative venues.

The result is consistent with similar studies, including previous research conducted by the CNMV's Research Department on fragmentation in the trading of Spanish securities across several European trading venues.

The Finance Forum is an international event that brings together leading academics in finance and has been held annually for 33 years. The next conference will take place in Alicante on 9 and 10 July 2026.

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