

**JPX-JFSA Joint Conference**

**“The Future of Asian Markets and Exchanges”**

*Session 2      Panel Discussion: The Role of Tokyo Market in Asia*

**Market Quality: An International Comparison of the Tokyo Market**

**Using the MQ Dashboard**

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**Abstract**

In light of the published mandates of securities regulators around the world to attest to, and foster the efficiency and integrity of their markets, the CMCRC<sup>1</sup> (Capital Markets Cooperative Research Centre) has developed software designed to provide an objectively verifiable basis for determining the impact of market design changes on market fairness and efficiency. The Market Quality Dashboard is designed to allow market participants to quantify the economic impact of market design changes on market quality. Market quality is defined by reference to the near universal mandate of regulators, which seeks to ensure that markets are fair and efficient. It therefore follows that, if one intends to change the design of a market place, and get this signed-off by regulators, those changes are evaluated in terms of how they impact fairness and efficiency.

Professor Aitken will be demonstrating an international comparison of the quality of the Tokyo market using this innovative tool. He will discuss various measures of the efficiency and fairness of the Tokyo market, as compared to other markets and pre and post market design changes. The MQ Dashboard arrays all market design changes in a market place and provides a series of user-chosen metrics representing the concepts of fairness and efficiency. Using time-series visualisations, users can identify changes in metrics for the better or worse, pre and post the market design changes of interest.

While many market design changes are made with the best intentions, they may not achieve their intended purpose of enhancing market quality. The CMCRC has created the MQ Dashboard in order to address a major challenge for market participants who lack the operational tools to evaluate the impact of market design changes and facilitate optimal market design.

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<sup>1</sup> "The Capital Markets Cooperative Research Centre (CMCRC; [www.cmcrc.com](http://www.cmcrc.com)) is an international research facility in Australia focused on improving the integrity of securities markets. Its combination of academic research and industry expertise fosters innovative research on market quality and place it at the forefront of developments in optimal market design. The CMCRC's links with, and presence in, the securities markets have allowed the Centre to accumulate an extensive data bank over the past ten years and to develop technologies to facilitate optimal financial markets, including the MQ Dashboard."