



**Universität
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Market Activity around Tick Size Thresholds after MiFID II

Bachelor Thesis
Department of Banking and Finance
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Abstract

This paper uses the tick size regime introduced by MiFID II on January 3, 2018, to investigate the impact of price-driven tick size changes. I examine execution costs and trading activity as market makers and investors may have incentives to push stock prices above or below tick size thresholds, respectively. I apply fixed effect models and find evidence that quoted spreads adjust in the same direction as tick sizes. Hence, market participants' costs and profits are affected by the new regime. On days surrounding tick size adjustments, the trading activity and volatility increase significantly. Thus, my results do not support the objectives of MiFID II to enhance investor protection and market quality on days characterized by tick size adjustments.

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