

Finding liquidity at the toughest times

Even during volatility, Optiver is able to manage risk and provide quality liquidity.

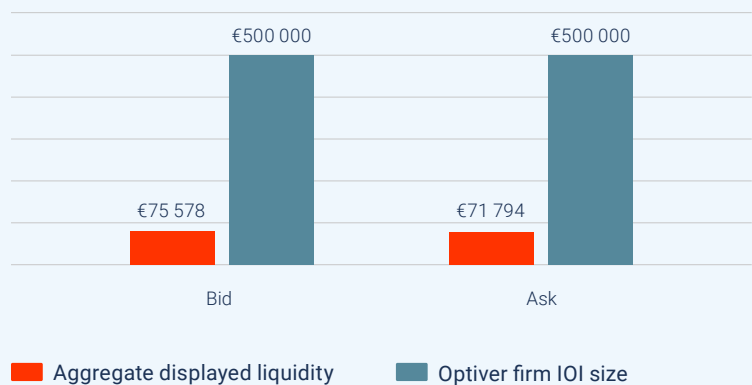
When volatility hits, traders tend to favour lit continuous markets rather than waiting for end-of-day auctions or trading OTC. One reason is that fill rates are typically higher. Lit market share in Europe spiked on 5 August, when a combination of macroeconomic developments combined to send stock market volatility to its highest level since 2020.

But on 5 August, Optiver’s direct liquidity also remained a reliable resource to traders.

While we adjusted the size of our quotes to help manage the volatility risk, our liquidity remained substantial. For EURO STOXX 50[®] constituents, we offered buy- side counterparties at least €500k at the prevailing touch price through our automated strategies. By comparison, trading the same notional value on lit venues – where the aggregate time-weighted average notional available at touch was around €70-75k – would have cost 2.85bps more.

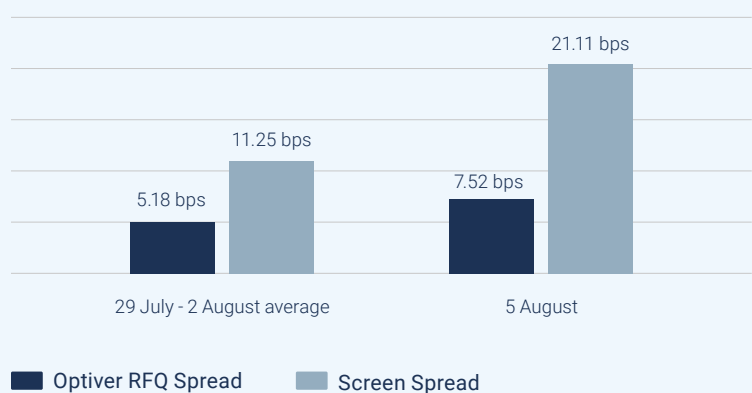
In ETFs, while our spreads widened due to the volatility, we still showed far tighter quotes than what was available on screen.

Average liquidity at touch for EURO STOXX 50[®] constituents (5 August)



Source: Optiver, BMLL Technologies
 Note: Optiver liquidity at touch reflects notional size shown for zero trading expense

Optiver’s ETF spreads versus screen spreads



Source: Optiver, based on aggregate top-of-book screen quotes

Our systems are designed to perform during volatility.

On 5 August we also:

- Executed twice the number of cash equity trades with institutional counterparties as we would on a normal day, trading just over 700 different stocks, 63% higher than our YTD average
- Traded 2,781 different ETFs versus a YTD average of 2,268
- Traded three times more notional ETF turnover versus the previous week's daily average
- Grew our hit rate on ETF RFQ platforms by 21% versus the previous week

We have run our risk model since 2020, making us comfortable with even higher levels of volatility than 5 August. Our approach – holding risk until we are comfortable with passively unwinding positions – makes Optiver a valuable execution partner, even during the toughest times.

To learn more about trading with Optiver, visit our website at optiver.com/institutional-trading or contact Delta1Europe@optiver.com