

Proprietary Trading Management Insight Report

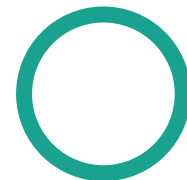
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Introduction

Welcome to the first quarterly instalment of this year's series of Acuiti Proprietary Trading Management Insight reports.

In this report, we look at how the great WFH debate is evolving at prop firms, including which functions have been deemed office-essential and whether, after six years, network members think remote working helps productivity.

We also investigate transparency in European listed derivatives markets and explore the potential implications that proposed regulatory changes could have on-screen liquidity. This then moves to a broader assessment of liquidity across regions.

Then, we look at firms' engagement with onshore Chinese derivatives markets, the operational realities of accessing these venues and how firms manage exposure during periods of market closure.

Finally, we review financial performance in 2025, including profitability, cost pressures and short-term outlook. While most firms report a stronger year than 2024, rising costs – particularly across exchanges, technology and staffing – continue to shape strategic decision-making.

The hot topics of this report are ESMA and the EBA's proposed revisions to the IFR/IFD framework, alongside firms' current and future engagement with digital assets.

This report is based on a survey of the Acuiti Proprietary Trading Expert Network, a network of senior proprietary trading executives from across the global market. Each quarter, members of the network propose topics and questions which are then distributed via an anonymous survey.

If you are a senior proprietary trading executive and would like to learn more about the Acuiti Proprietary Trading Expert Network, please contact Bethany Bell at bethanybell@acuiti.io



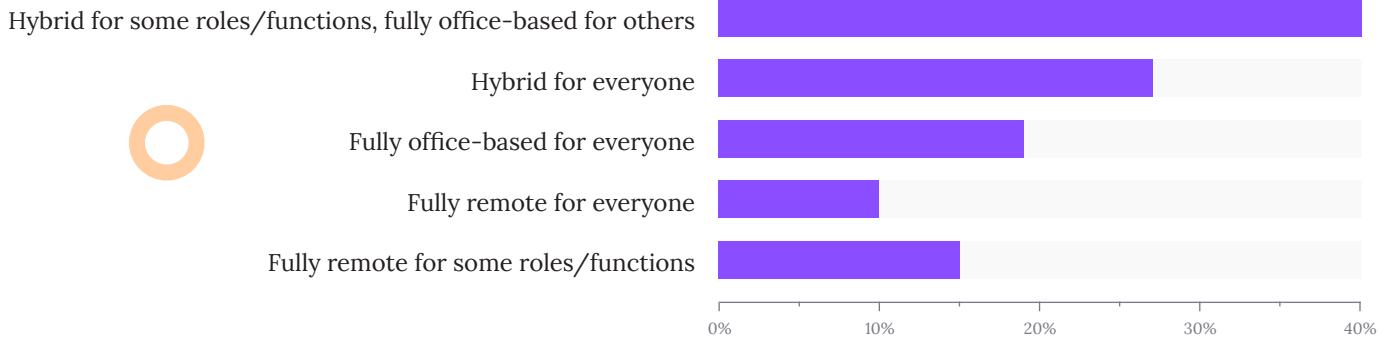
The WFH balance



Flexible working models are now embedded across most proprietary trading firms, though the office continues to play a central role. Over a third of network's current work policy is a

hybrid model, selectively applied for certain roles and functions while retaining a full office requirement for others.

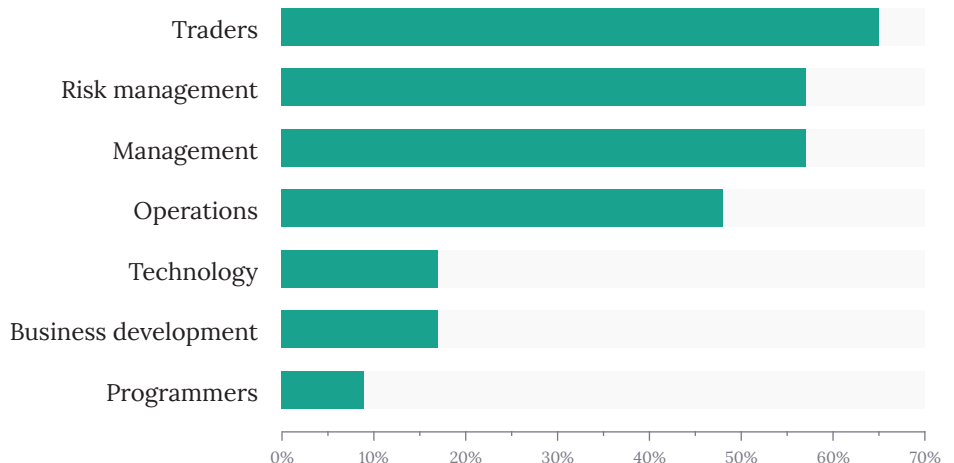
What best describes your firm's current working policy?



Almost two-thirds of network members require traders to be fully office-based, a policy that was particularly prevalent among lower latency trading firms, highlighting the

importance of in-person collaboration for these roles, as well as the higher need for physical oversight of trading activity compared with other roles.

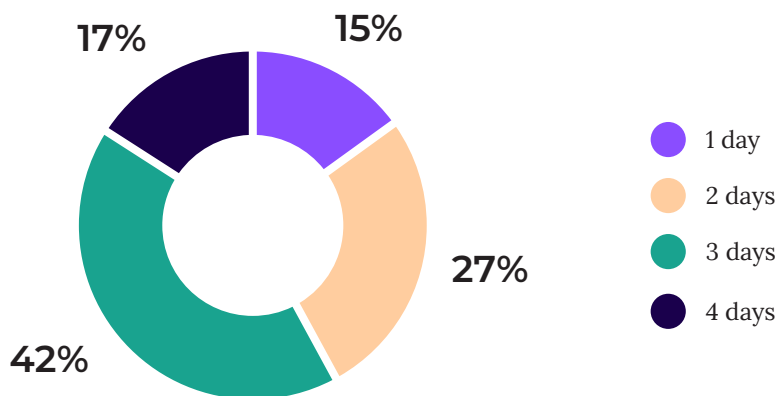
Which roles do you require to be fully office-based?



Where firms allow fully remote working for certain roles, the clearest consensus is around technical roles. Programmers, for example, are universally permitted to work remotely

for firms that allow that in some roles. For firms offering hybrid models, over 40% of respondents expect their employees to be in the office three days per week.

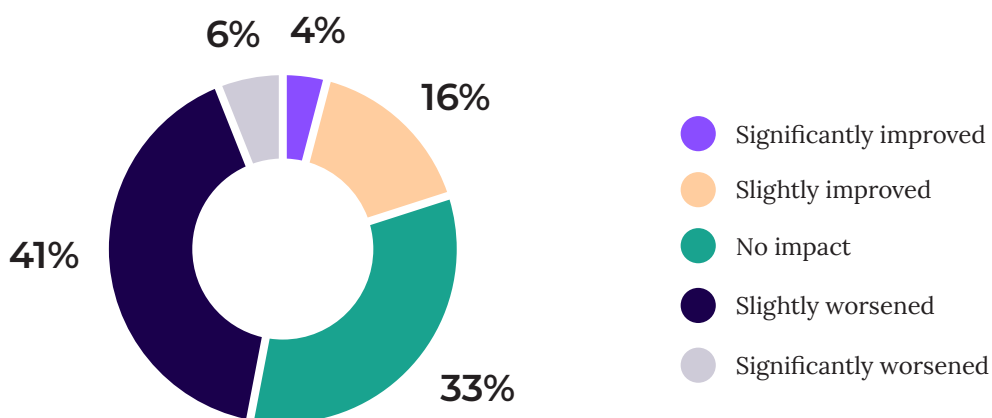
How many days per week are employees on hybrid working agreements typically expected to be in the office?



Sentiment around productivity under flexible working models is mixed, however the prevailing view is negative. Nearly half of

respondents believe overall productivity has worsened since the introduction of remote or hybrid working.

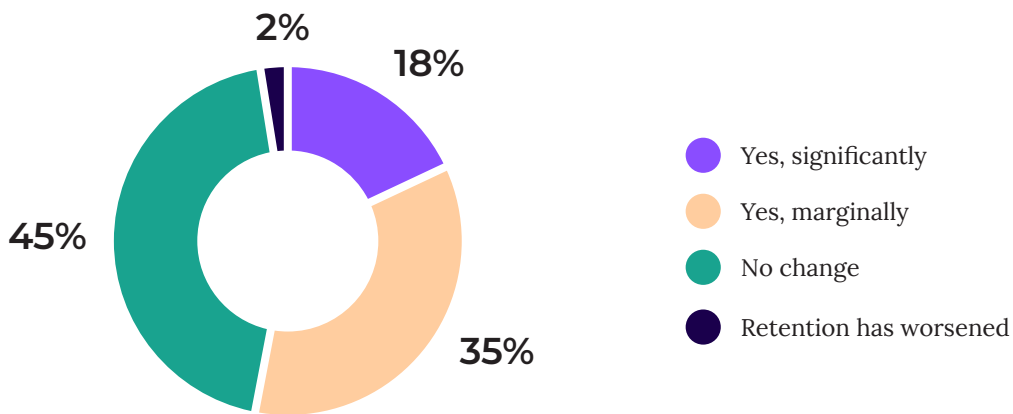
How has remote or hybrid working affected overall productivity?



When it comes to retention, the impact of flexible working was more positive. Over half of firms that allowed flexible working reported

an increase retention as a result and one in five said it was a significant boost to keeping staff.

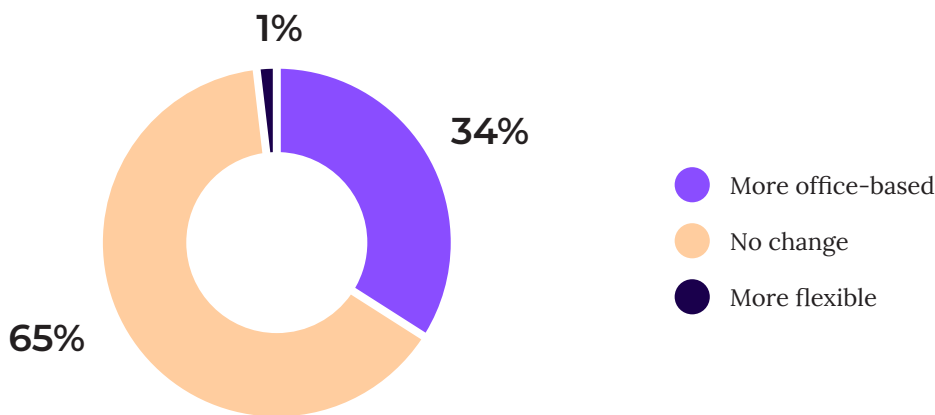
Has your firm experienced higher retention due to flexible working?



Despite the negative outlook on staff productivity when working hybrid or remote, firms are largely settled on their current working

models. Nearly two-thirds of firms expect no change over the next two years. However, a third are moving to more office-based.

How do you expect your working model to change over the next two years?



Transparency in EU ETD markets and pre-trade LIS thresholds



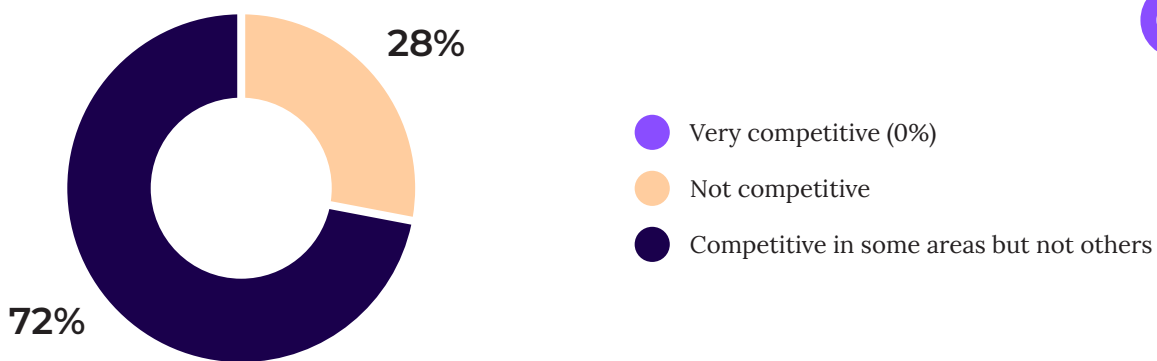
European regulator ESMA, is currently in the process of streamlining the pre-trade transparency regime introduced by MiFID II. The changes will replace complex annual calculations with static Large-in-Scale (LIS) thresholds, in a bid to provide greater regulatory certainty.

Under the review, the pre-trade transparency and real time reporting requirements will

be focused primarily on CLOBs and periodic auctions. Block trades executed via Request-for-Quote (RFQ) or voice-trading systems are largely exempt from pre-trade disclosure requirements, regardless of size, though they remain subject to post-trade reporting rules.

Members of the Acuiti Proprietary Trading Expert network agree that there is a need to make European markets more competitive -

Compared with other major jurisdictions, how competitive do you believe EU ETD markets currently are in terms of transparency and market quality?



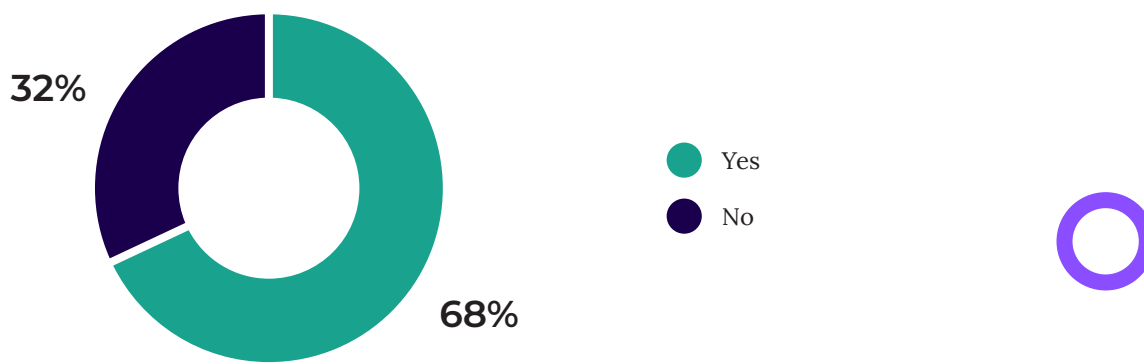
over a quarter think that EU ETD markets are not transparent with none saying that they are

very competitive in this respect.

There is support among proprietary trading firms in the UK and EU for maintaining pre-trade transparency requirements around block trading. A majority (68%) believe that pre-trade

LIS thresholds should apply to block trading protocols. Support is particularly strong among ultra-low latency firms and predominantly algorithmic firms.

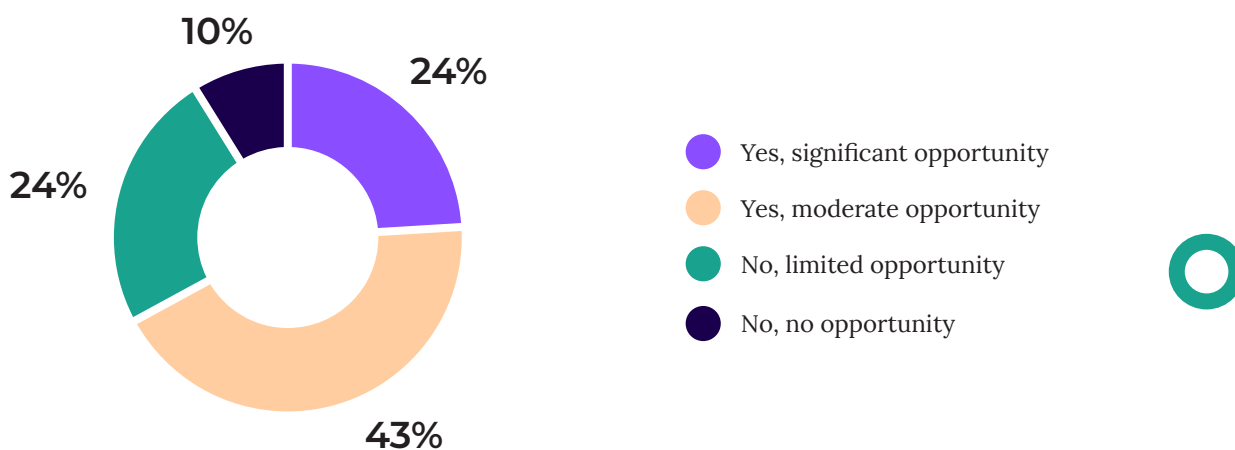
ESMA has put forward new suggestions for applying pre-trade Large-in-Scale (LIS) thresholds to exchange traded derivatives traded via a CLOB. The regulator has left the question of block trading mechanisms, such as voice, RFQ and hybrid execution models, and whether they should be exempted from applying the ETD thresholds, unaddressed for now. Do you think that the pre-trade LIS threshold for ETD should apply to block trading protocols?



If the scope of LIS thresholds is narrowed or exemptions are widened, smaller trades could increasingly migrate off-exchange. Over time, this risks reducing liquidity on order books and weakening price formation as on-screen quotes become less reliable, directly affecting the competitiveness and desirability of on-exchange trading.

Despite these challenges, there is still hope that current regulatory review could support greater transparency in the ETD market. Most of the network see this as an opportunity to increase both transparency and growth in the continent's capital markets. Nearly a quarter saw it as a significant opportunity.

Do you see the current review of the ETD transparency regime as an opportunity to increase transparency in EU ETD markets and support overall growth of EU capital markets?



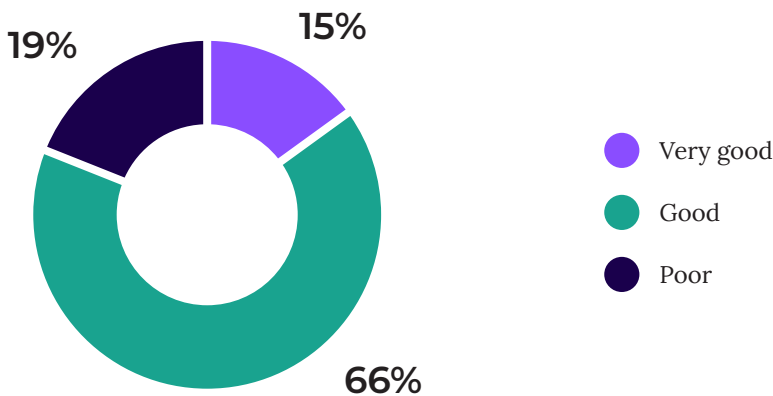
Liquidity



Liquidity conditions across the asset classes traded by network members were broadly positive in 2025. The majority of respondents describe overall liquidity as good, with

sentiment particularly strong in the US, with over 90% of US respondents rating liquidity as either good or very good.

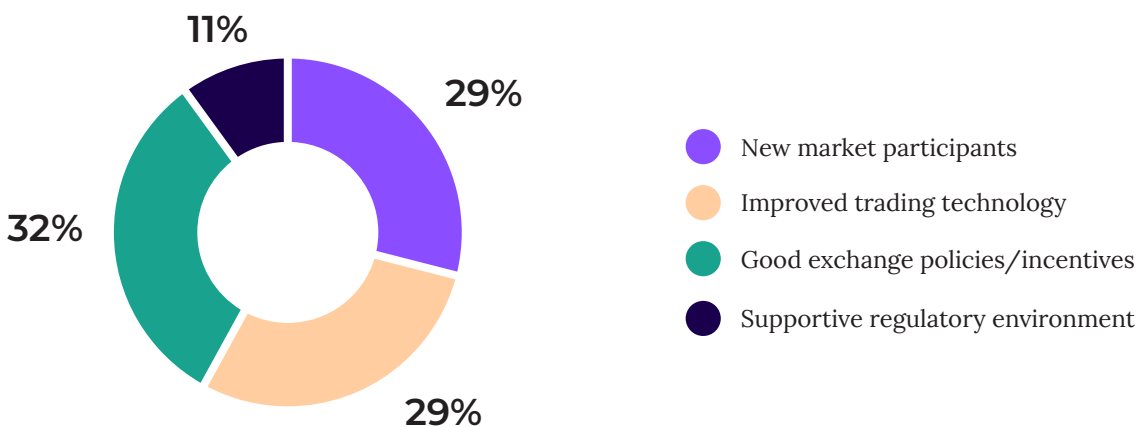
How would you describe overall liquidity during 2025 in the asset classes you trade?



Among firms reporting good liquidity, the most commonly cited supporting factor for this was good exchange policies or incentive structures. Respondents point to fee structures, liquidity schemes and market design improvements as key contributors to stable trading conditions.

Improved trading technology was particularly important for ultra-low latency firms, with 50% of respondents in this category identifying it as the primary driver of good liquidity.

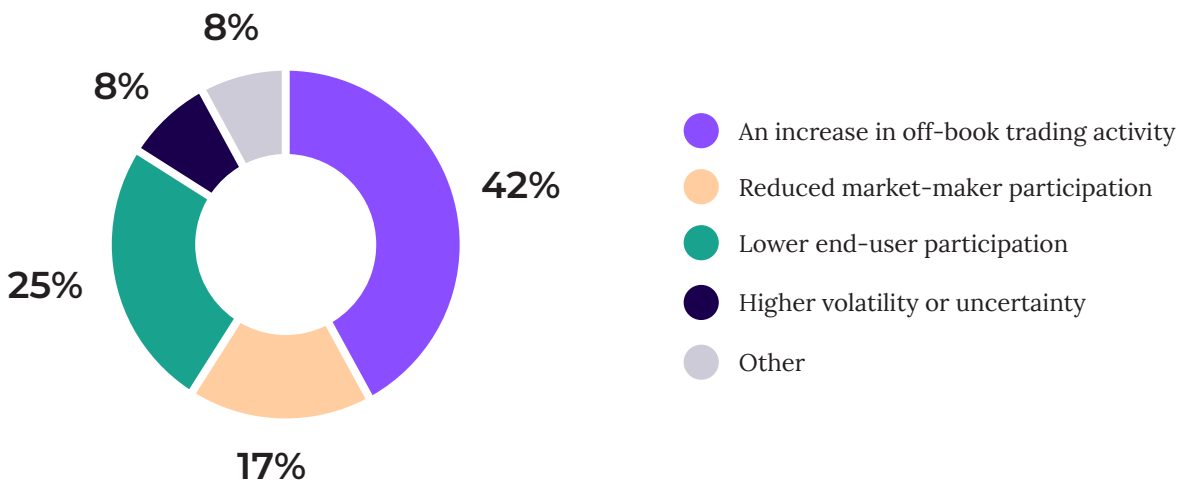
What factor has contributed most to the good liquidity?



Where firms reported weaker liquidity conditions, the dominant concern was the increase in off-book trading activity. Over 40% of respondents identify the migration of flow away from lit markets as the primary factor contributing to deteriorating liquidity. This concern is particularly evident in Europe, where 75% of respondents cited increased off-

book trading as the key driver of poor liquidity. As more trading is conducted bilaterally or off-venue, displayed depth declines and price discovery weakens. Over time, this can reduce transparency and increase execution costs, particularly for firms reliant on visible order book liquidity.

What factor has contributed most to the poor liquidity?



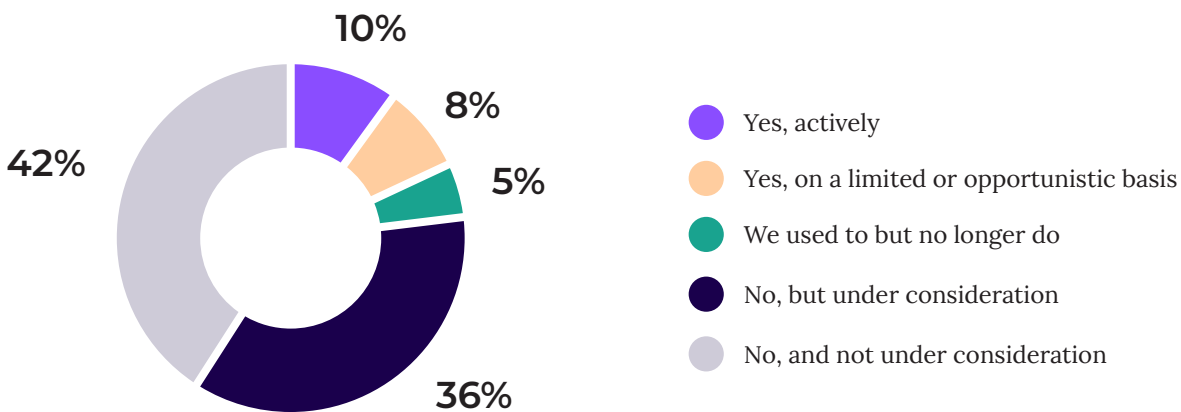
China



Engagement with onshore Chinese derivatives markets remains limited among proprietary trading firms, with the largest share of respondents indicating that they are not

currently active and have no plans to enter the market. However, a third of respondents were considering accessing the market.

Does your firm currently trade onshore Chinese derivatives markets?



For firms that do access onshore Chinese derivatives markets, the Qualified Foreign Institutional Investor (QFII) framework is the dominant route. QFII is a regulatory access scheme that allows approved international institutional investors to trade onshore Chinese securities and derivatives within defined quotas and regulatory parameters. For firms that accessed China via a broker,

respondents were evenly split between using local Chinese firms directly or going through their main broker. Of those firms using a Chinese broker, Nanhua and Orient were the most commonly cited partners. The market for Chinese brokers offering international access to onshore markets is growing fast as China continues to open up more contracts to international trading firms.

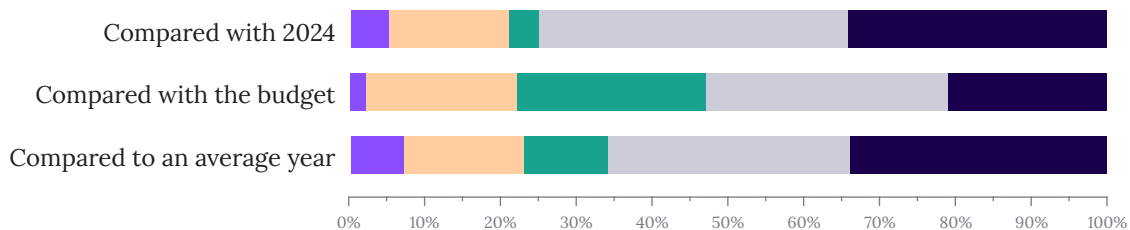
Looking back to 2025



In terms of profitability, 2025 was a strong year for proprietary trading firms. Compared with 2024, more than two-thirds of the Acuiti Proprietary Trading Network reported improved performance. Only one in five firms experienced a decline relative to the previous year. Among ultra-low latency firms, performance was

significantly strong, with all the respondents in this category reporting that 2025 was better than 2024. Measured against an average year, the results were similarly robust. The largest share of firms described 2025 as significantly better than an average year. Fewer than a quarter characterised the year as worse than average.

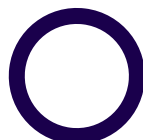
In terms of profitability, how strong a year was 2025 for your business compared to 2024, what you expected at the beginning of the year (budget) and an average year?



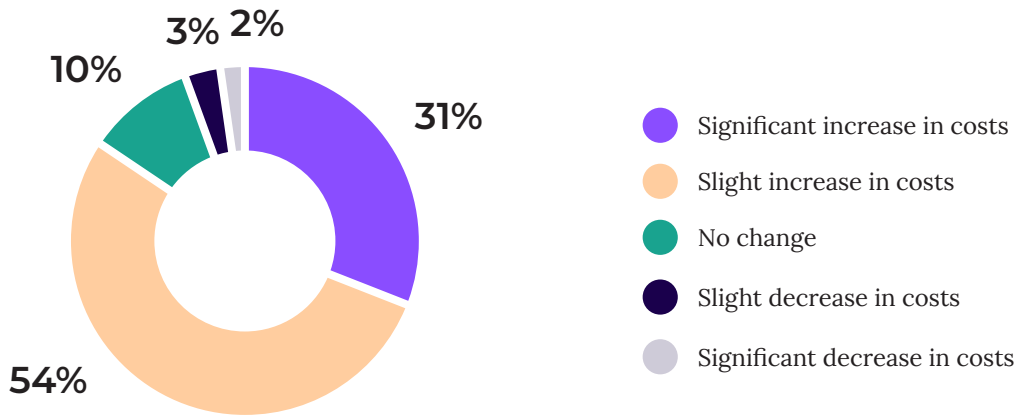
■ Significantly worse
 ■ Slightly worse
 ■ About the same
 ■ Slightly better
 ■ Significantly better

Cost pressures, however, continued to rise, with 85% reporting an increase in their expenses in 2025. The most significant cost increases were seen in exchange fees,

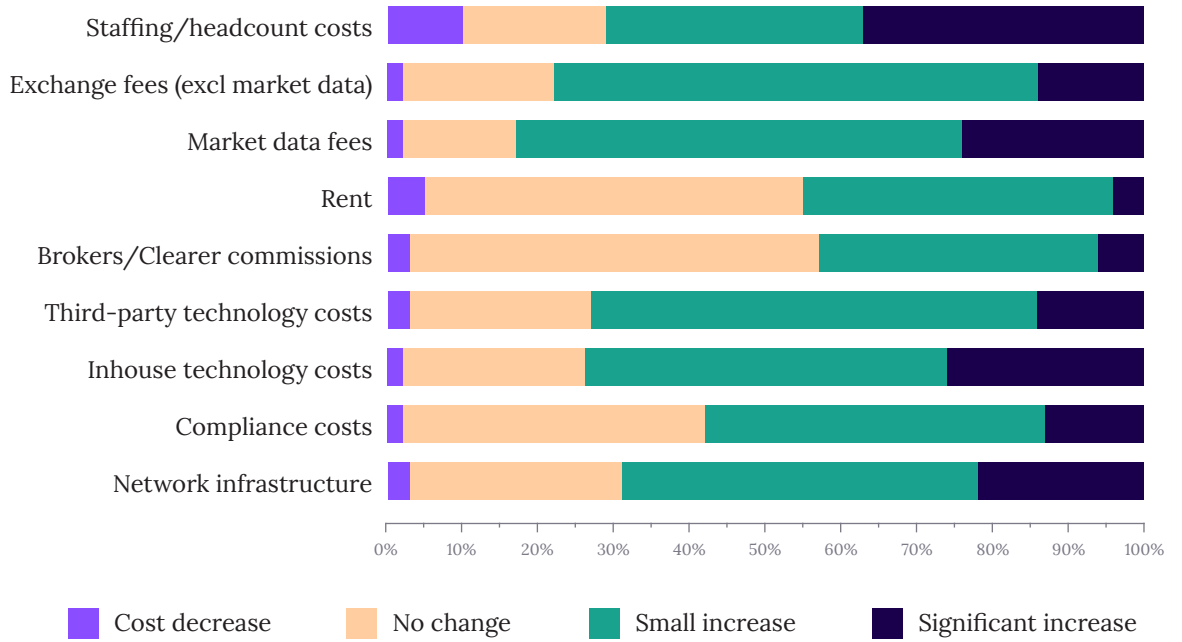
staffing, third-party technology costs and market data fees. Staff cost increases were particularly pronounced among almost half of predominantly algorithmic firms.



Overall, how did your cost base change in 2025?



How did your cost base change in the following areas in 2025?





Hot Topics



EBA & ESMA

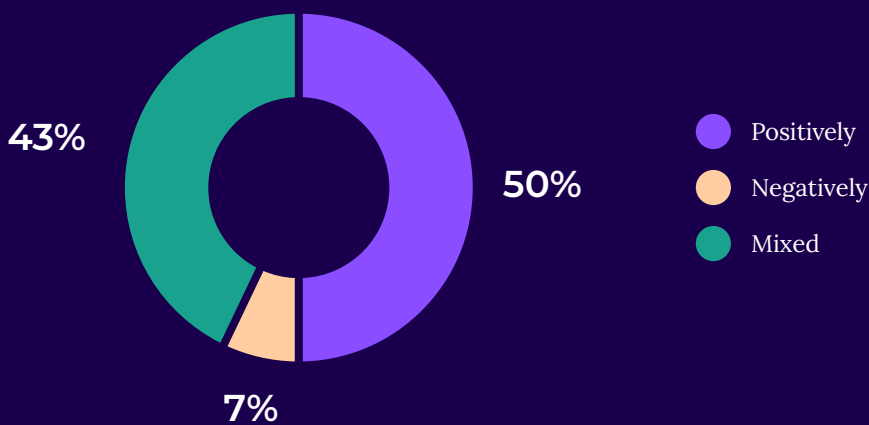
The European Banking Authority (EBA) and European Securities and Markets Authority (ESMA) have put forward recommended revisions to the IFR/IFD framework aimed at refining the prudential regime for MiFID II firms. The proposals seek to improve proportionality, reduce unintended capital impacts and better align requirements with firms' actual risk profiles.

Overall, 50% of firms in the EU and UK viewed the proposed changes positively. Support for the revisions reflects expectations that the adjustments will address some aspects of the existing framework, particularly where capital requirements have been seen as misaligned

with prop trading firms' business models or trading activity.

While a significant proportion of respondents express mixed views, this appears to reflect caution around implementation detail rather than opposition to the direction of travel. In particular, uncertainty around how revised capital calculations would be calibrated, whether changes would be applied consistently across jurisdictions and how transitional arrangements would be managed are key factors in determining the extent of industry support. Firms are also mindful of the potential operational complexity that could accompany implementation.

How do you view EBA and ESMA's recommended revisions to the IFR/ IFD framework?



Digital Assets

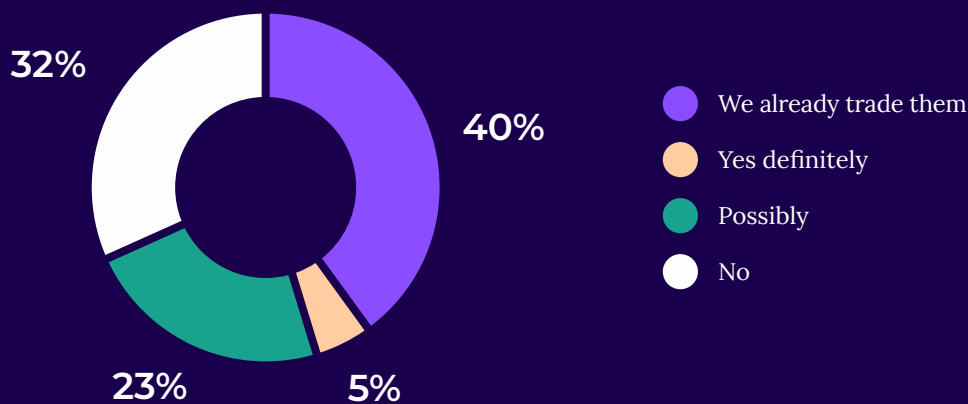
Engagement with digital assets is already well established within the proprietary trading community. A significant proportion of respondents report that they already trade digital assets.

Among firms that are not currently active, sentiment is cautious rather than dismissive. A small proportion indicate they will definitely begin trading digital assets in 2026, while almost a quarter say they would possibly do so. While not all proprietary trading firms view digital assets as a core focus, engagement

with the asset class is increasingly driven by regulatory stability and operational maturity rather than simply a search for volatility.

The recent improvement in volatility across traditional asset classes has reduced the relative appeal of cryptocurrency markets. However, improvements in market infrastructure, custody and settlement processes have also reduced operational risk, making digital assets a more viable and institutionally aligned market for proprietary trading strategies in the current volatility environment.

Are you planning on starting to trade digital assets in 2026?



The Avelacom Exchange Growth Index

The Avelacom Exchange Growth Index is a benchmark of exchange growth in listed derivatives markets. Exchanges must have been trading for more than one year to feature

in the index and have had annual volumes of over 1m contracts in the previous year. Data is provided by the FIA. For more information, visit: www.fia.org/etd-volume-reports.

Exchange	2024 Vol	2025 Vol	Vol Change
North American Derivative Exchange	34,024,264	1,057,194,986	3007%
MIAX Sapphire	65,018,783	412,328,820	534%
Coinbase Derivatives Exchange	56,124,905	340,298,429	506%
Guangzhou Futures Exchange	196,690,193	534,247,373	172%
A3	134,106,872	294,651,804	120%
Pakistan Mercantile Exchange	5,654,202	11,881,652	110%
Nasdaq GEMX	291,605,839	506,325,881	74%
MEMX Options	301,113,159	521,728,284	73%
Mexican Derivatives Exchange	8,844,224	15,248,234	72%
Multi Commodity Exchange of India	872,786,334	1,500,173,031	72%
Nasdaq MRX	303,338,425	484,312,786	60%
MIAX Options	691,610,139	1,101,123,847	59%
Borsa Istanbul	2,003,504,406	3,159,687,471	58%
Athens Derivatives Exchange	9,191,362	14,279,927	55%
ICE Futures Abu Dhabi	6,039,734	8,571,330	42%
COMEX	175,711,311	236,806,285	35%
Cboe BZX Options Exchange	446,390,060	592,388,608	33%
NYSE Amex	835,964,933	1,091,548,422	31%
Dubai Gold & Commodities Exchange	1,575,800	2,048,559	30%
Nasdaq PHLX	1,127,935,904	1,444,035,386	28%
Boston Options Exchange	763,246,564	968,977,332	27%
Budapest Stock Exchange	5,659,989	7,038,116	24%
Cboe Options Exchange	2,179,921,772	2,692,711,159	24%
MEFF	28,589,086	35,046,355	23%
Nasdaq ISE	769,443,596	938,968,572	22%



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