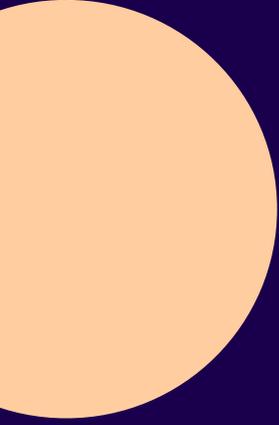
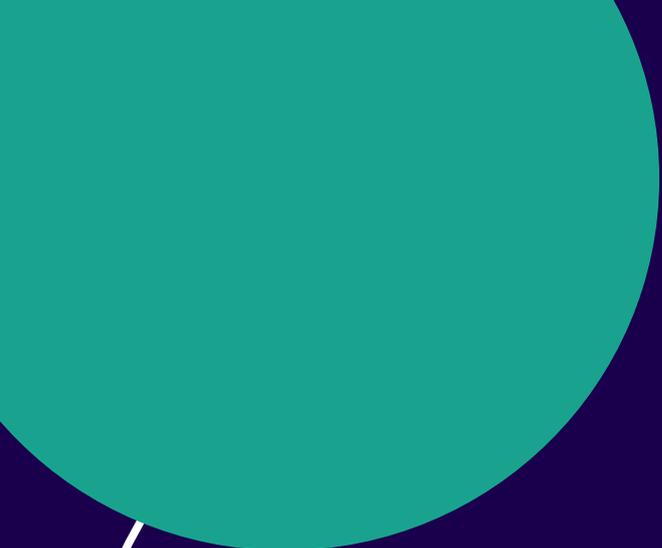


A large circular graphic containing a financial chart with a grid background. A thick purple arrow points upwards and to the right, starting from the bottom left and ending near the top right. A teal arrow points upwards and to the left, starting from the top left and ending near the top right. The chart shows a fluctuating line with several peaks and troughs. The overall background of the page is dark blue with abstract teal and purple curved lines and a purple circle.

The Proprietary Trading Management Insight Report

Produced in association with

AVELACOM



Introduction

Welcome to the inaugural Proprietary Trading Management Insight Report. This quarterly report is designed to provide senior executives at proprietary trading firms across the world with a means of benchmarking sentiment and attitudes.

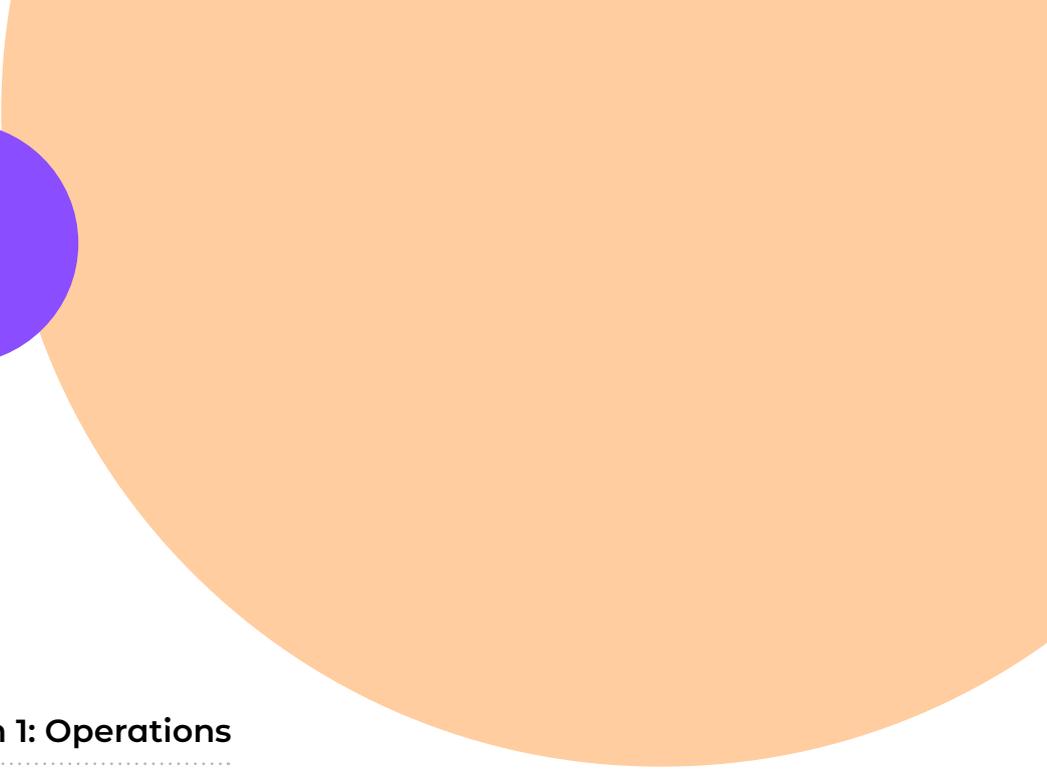
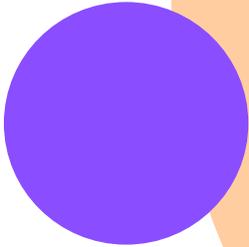
Each quarter, this report will provide a deep dive into how proprietary trading firms are approaching a key issue of the day, profile new contract launches and exchange volume growth, analyse sentiment and barriers to growth as well as bi-annual profiles of hiring trends and other metrics.

Ultimately, this report is built around the needs and interests of proprietary trading executives. Acuiti has built, and is continuing to grow, a network of senior executives in the global prop market and each quarter our network provides input into the report suggesting topics and providing their thoughts on the key questions.

Please let us know what metrics we can add and what topics you would like to see covered. For any queries, drop me an email at willmitting@acuiti.io.

Finally, thank you to our report sponsor Avelacom and the FIA and Euromoney TRADEDATA for the provision of data to use in this report.

Will Mitting, Founder, Acuiti



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approaching the return to the office?

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Page 10: **Section 4: Hiring trends and headcount growth**

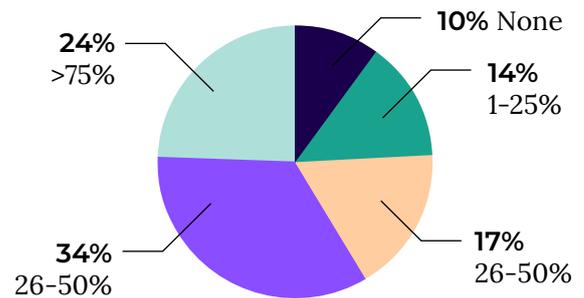
Where are proprietary trading firms
hiring globally?

Which are the fastest growing
proprietary trading firms by
headcount?

Working from home

This section provides a snapshot of where the proprietary trading community is on a key issue or theme of the day. This quarter we look at working from home arrangements.

Approximately what % of your staff are back in the office on a regular basis



The spread of Covid-19 in early 2021 forced firms in all industries to move to remote working. Almost two years on and many sectors are still to return to office working.

Based on surveys in other sectors, proprietary trading firms are ahead of many other sectors in terms of bringing staff back to the office. According to this quarters Proprietary Trading Insight Survey, 59% of proprietary trading firms have more than half of their staff back in the office on a regular basis now.

Firms in the US were most likely to have staff back in the office while firms in the UK were the most likely to operating remote working arrangements with 45% having less than half of staff back in the office on a regular basis.

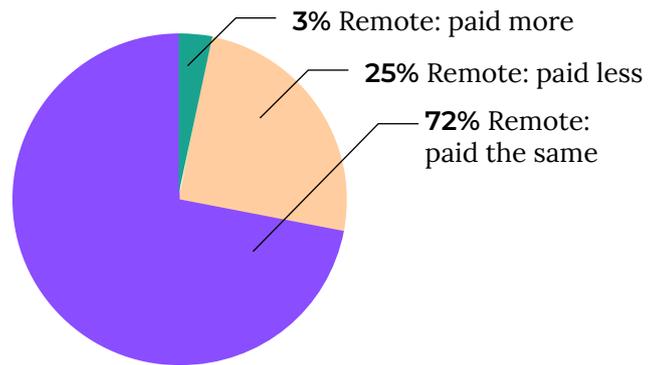
Overall, traders were the function most likely to be required to work from the office all or most of time, with 48% of firms mandating this. Compliance was the function most likely to be allowed to work remotely.

Are there any specific departments that you require to be in all or most of the time?

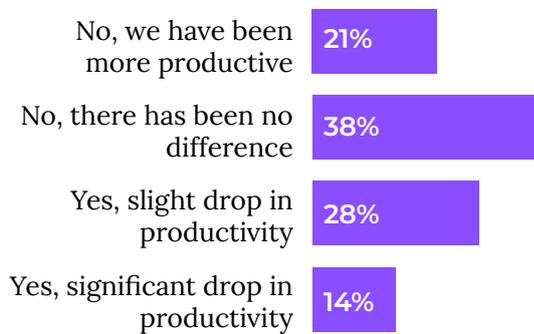


How do you think remote working should affect the wage of the employee?

Almost three quarters of respondents thought that people that worked remotely should be paid the same as those that came into the office. Most of those that thought they should be paid less were based in the US where the costs of living vary significantly from state to state.



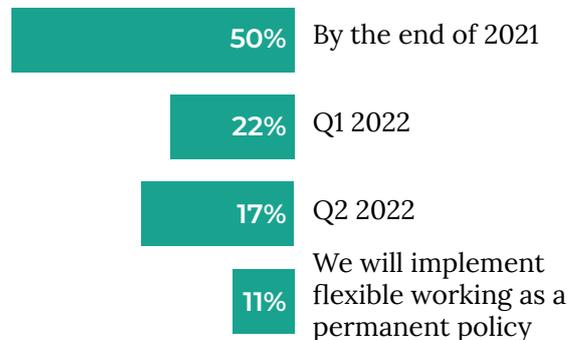
Has remote work during the pandemic affected productivity?



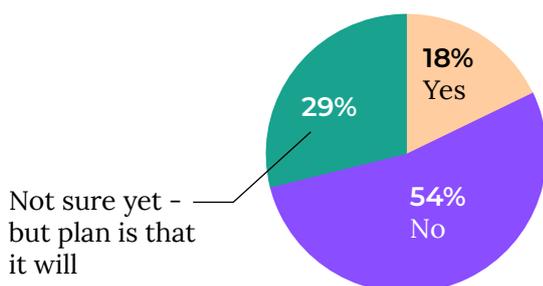
Working from home as had an impact of productivity for over 40% of firms with 14% reporting a significant drop in productivity. However, 21% reported being more productive as a result of working from home.

When do you envisage that most of your staff will be back in the office full time?

Flexibility with regards to working from home, however, is not likely to become a permanent change to working practices for proprietary trading firms. While there is likely to be some flexibility for certain departments for a long time to come, only 11% of respondents said that they would implement flexible working as a permanent policy. Comparatively, half of respondents expected most staff to be back in the office by the end of 2021.



Will remote working allow you to reduce office costs?



The element of flexibility that Covid-19 has introduced, however, will allow some firms to reduce office costs. 18% of respondents said that it definitely would reduce office costs with a further 29% saying that they were planning that it would.

Volume growth and trading opportunities

This section looks at exchange volume growth and new trading opportunities. Each quarter we will publish the Avelacom Exchange Growth Index, highlight trading volumes on recently launched contracts, profile an emerging or frontier market and take a look ahead to some key upcoming contract launches.

The AVELACOM Exchange Growth Index

The Avelacom Exchange Growth Index is a benchmark of quarter-on-quarter volume growth across cash equities and derivatives markets. Exchanges must have been trading for more than one year to feature in the index. Futures and options data is provided by the FIA, cash equities from the exchange websites.

Exchange	Vol % Change
MIAX Emerald	70%
Shanghai Stock Exchange*	59%
Shenzhen Stock Exchange*	55%
Tokyo Stock Exchange*	53%
Nasdaq BX Options	53%
New Zealand Exchange	47%
NYSE Arca	40%
National Stock Exchange of India	36%
Hong Kong Exchanges and Clearing	31%
MATba ROFEX	24%
Nasdaq MRX	24%
JSE Securities Exchange	19%
Indonesia Commodity & Derivatives Exchange	19%
Tokyo Financial Exchange	18%
Euronext Amsterdam*	18%
B3	18%
ASX*	17%
China Financial Futures Exchange	16%
ICE Futures Singapore	14%
Dalian Commodity Exchange	14%
Cboe EDGX Options Exchange	14%
Cboe C2 Exchange	13%
New York Mercantile Exchange	13%
BSE	12%

*Cash equity markets

Source: Futures and options data provided by the Futures Industry Association; cash equities data from the exchanges' websites

New contract watch

The table below, based on data provided by Euromoney TRADEDATA, profiles the performance of the top 25 new contracts launched last quarter based on average daily volume.

Exchange Name	Contract Name	Type	Volume	Open Interest	ADV	Launch Date
New York Mercantile Exchange	Micro WTI Crude Oil	Future	3,342,113	26,238	50,638	Jul-12
MATba ROFEX	Discount National Treasury Bills	Future	899,100	820,200	20,909	Aug-02
Chicago Board of Trade	Micro 10-Year Yield	Future	452,654	4,448	6,858	Aug-16
Moscow Exchange MICEX-RTS	RTS Index (Mini)	Future	327,899	20,424	4,968	Jul-27
Korea Exchange	BBIG K-New Deal	Future	305,863	1,819	4,933	Jul-19
Korea Exchange	Bio K-New Deal	Future	275,170	-	4,438	Jul-19
Chicago Mercantile Exchange Inc	3-Month USD Bloomberg Short-Term Bank Yield Index	Future	154,983	10,111	3,522	Aug-23
Korea Exchange	Battery K-New Deal	Future	173,911	2,071	2,805	Jul-19
Eurex	Daily USD/KRW on KRX	Future	67,589	-	1,024	Jul-26
Eurex	MSCI EM Asia ESG Screened	Future	12,260	12,260	278	Sep-06
New York Mercantile Exchange	CBL Nature-Based Global Emissions Offset	Future	14,069	13,220	213	Aug-02
Moscow Exchange MICEX-RTS	SPDR S&P 500 ETF	Option	13,021	7,198	197	Jul-20
Hong Kong Exchanges & Clearing Limited	Hang Seng China Enterprises Index	Option	11,022	9,061	172	Aug-23
Multi Commodity Exchange of India	Silver Mini	Option	9,827	1,612	148	Jul-19
London Metal Exchange	Aluminium Premium Duty Paid European	Future	7,914	596	121	Jul-19
Chicago Board of Trade	Micro 30-Year Yield	Future	7,382	272	111	Aug-16
Chicago Board of Trade	Micro 5-Year Yield	Future	6,910	811	104	Aug-16
Chicago Board of Trade	Micro 2-Year Yield	Future	5,489	463	83	Aug-16
Borsa Istanbul A.S.	USD/OUNCE Platinum	Future	3,527	1,456	83	Sep-17
Eurex	MSCI China	Future	3,333	2,002	75	Sep-06
National Commodity & Derivatives Exchange	Guarex	Future	2,380	233	54	Aug-16
Osaka Exchange	CME Group Petroleum Index	Future	2,575	704	42	Aug-21
Asia Pacific Exchange	Gold Perpetual	Future	2,102	76	32	Aug-06
Eurex	MSCI Brazil	Future	1,100	1,100	25	Sep-06
Hong Kong Exchanges & Clearing	Hang Seng Index	Option on futures	948	931	14	Aug-23

Data provided by Euromoney TradeData

AVELACOM Emerging Exchange Profile: The Saudi Exchange



In March 2021, Tadawul Group restructured to launch the Saudi Exchange as a fully owned and rebranded subsidiary of the Saudi Arabian group. The Saudi Exchange is the largest stock exchange in the Middle East by market capitalisation of listings and operates a nascent derivatives market. Avelacom caught up with **Nayef M. Amin, Head of the Derivatives Division at Saudi Exchange** to find out about the progress to date on the build out of derivatives on the exchange and how international proprietary trading firms can access the market.

What are the most active contracts and products traded on the exchange?

Our debut derivatives product, MT30 Index Futures was launched in Q3 2020 and is currently the only ETD available on the Saudi Exchange. We're targeting to launch Single Stock Futures in 2021/22, followed by stock and index options as early as 2023. We expect trading activity to increase with the introduction of these products.

What is the make-up of participants on the market?

Although there are no restrictions to access the market based on client type, the trading activity so far has predominately been institutional. Our pioneer trading members are six of the top cash market brokers in the Kingdom, representing both local and international firms. We have also witnessed increased interest in derivatives market memberships since the launch.

What level of engagement are you seeing from the international prop market?

We're targeting to bring Saudi derivatives on the global map by introducing products and developments that attract more derivatives players. Single Stock Futures are first in-line. Keep in mind we have a vibrant cash market in the Kingdom that is an abundant pool of liquidity. We're confident this liquidity will cascade into the derivatives market over time. Furthermore, we have registered more than 2500 QFIs as of June 2021, which indicates the high demand for Saudi listed stocks and financial instruments from international investors.

What technology does the exchange run on?

For derivatives trading, the Saudi Exchange uses Nasdaq's X-Stream INET Trading engine. Which ISVs currently connect to the exchange?

We currently have more than 45+ local and international data vendors and ISVs that provide a wide range of services. Please visit our website for a list of ISVs connected to the Saudi Exchange.

What colo facilities do you offer?

Wamid; a subsidiary of the Saudi Tadawul Group is launching a co-location service within the Saudi Tadawul Group Tier IV data center.

What initiatives are underway to bring in more prop traders?

Our initial focus is to widen our product and membership base while working on launching a market making framework to cover current and future products. We also aim to widen the DMA client base and eventually gain CFTC approval on our products.

What challenges do firms face when connecting and trading the market?

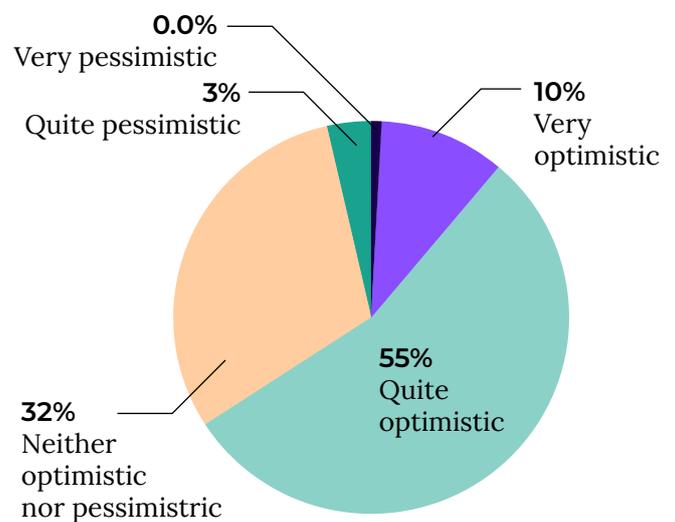
Liquidity begets liquidity. Typically, the gestation period for an emerging market derivatives contract is 2-3 years. We are confident that the introduction of new products and market making will drive the growth of our nascent market

Barriers to growth and outlook

This section looks at current levels of optimism and barriers to growth facing proprietary trading firms. Data is taken from the quarterly survey of senior proprietary trading executives and trend lines will be drawn each quarter.

Proprietary trading executives are generally optimistic about the next three months with 65% of respondents either quite optimistic (55%) or very optimistic (10%). Europe (excl UK) was the most optimistic region with just over two thirds of respondents very optimistic about the next three months while respondents in the UK were the least positive with just a quarter being quite optimistic and none saying they were very optimistic.

Looking ahead to the next three months, how optimistic are you about your business's performance?



Barriers to growth

The time take to develop traders, regulatory requirements and costs from exchanges and CCPs were the top barriers to growth listed by firms overall.

As of today (and aside from volatility/volumes in the underlying market) what are the top challenges to growing your business?



There was some regional variations with respondents based in Europe putting regulatory pressures at the top of the list of growth challenges.

European firms are having to deal with both the implementation of Brexit and the introduction of new capital rules in the form of the new prudential rules for investment firms.

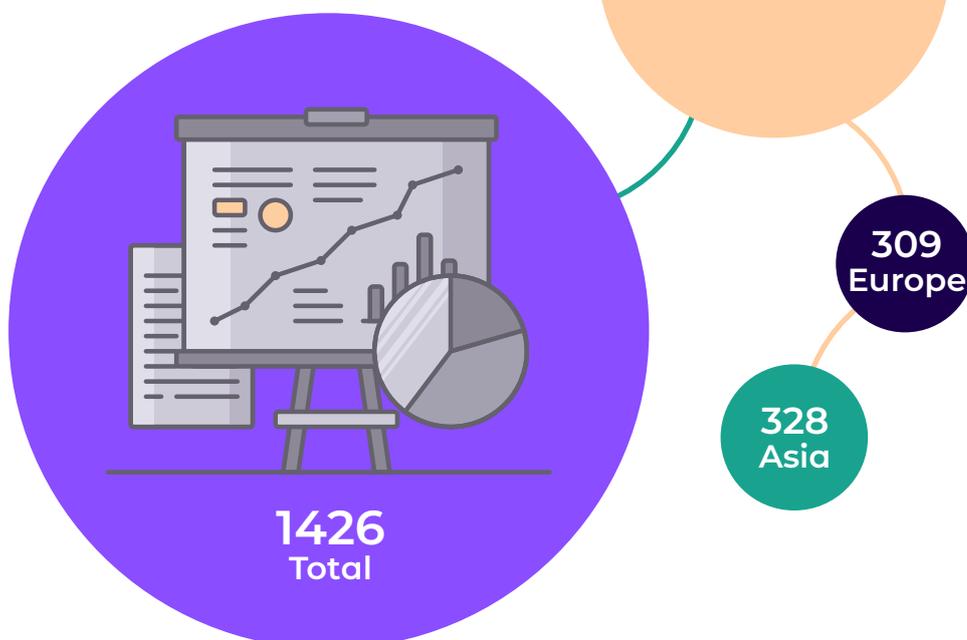
US firms reported competition in core markets as the biggest barrier to growth while firms in Asia reported finding skilled staff as the biggest challenge.

Hiring trends

This section is based on an analysis of 58 global proprietary trading firms. Data for the job advertisements are taken from the company websites while data on headcount growth is taken from an analysis of LinkedIn. Each quarter we will update the numbers to provide analytics on hiring trends.

Total number of jobs being advertised
(October 2021)

Source: company websites



As of October 2021, there were 1426 job roles advertised on the websites measured, of those around half were in North America with approximately a quarter in each of Europe and Asia.

The job roles posted suggests a further tightening of the labour market in Asia with firms headquartered in the US hiring in Asia at twice the pace that they are hiring in Europe.

In total US-headquartered firms have 124 job roles available in Europe compared with 232 in Asia. These firms, however, are hiring predominantly locally with 601 roles available in their domestic market.

Firms based in Europe have 185 roles available in Europe compared with 171 in the US and 73 in Asia. Firms based in Asia are almost exclusively hiring domestically.

Fastest growing firms by headcount

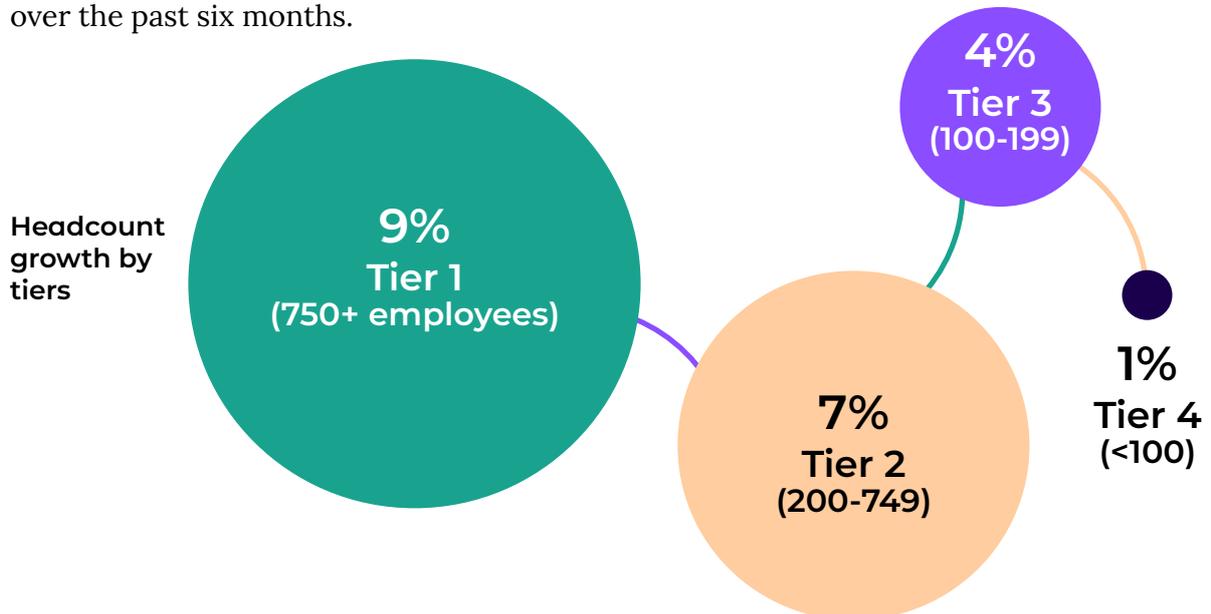
The table at below is based on LinkedIn data and shows the fastest growing companies worldwide by headcount growth over the past six months.

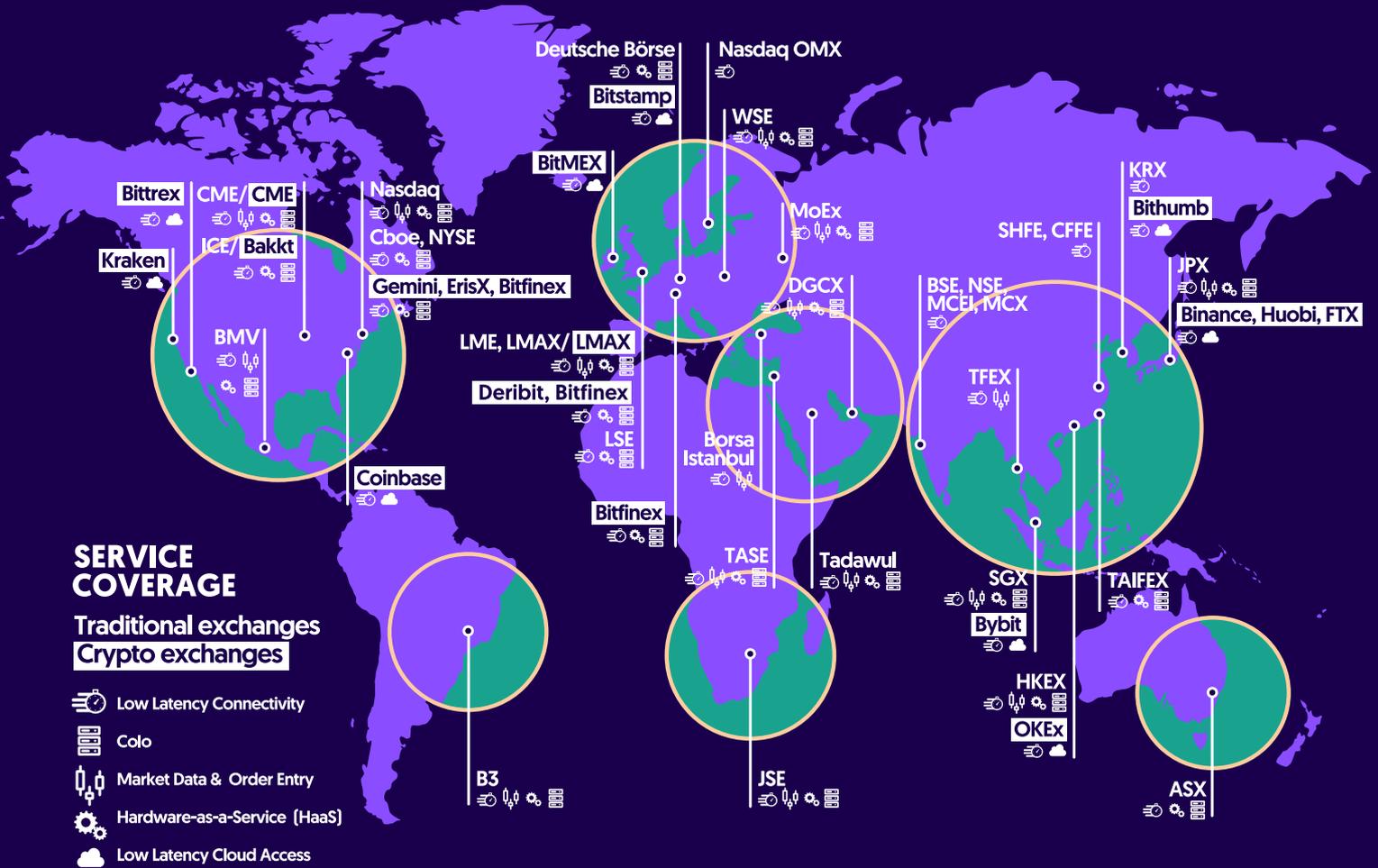
Maverik Derivatives	57%
B2C2	32%
Hudson River Trading	27%
Alpha-Grep	24%
Da Vinci Derivatives	20%
Akuna	17%
Old Mission	17%
Maven Securities	15%
Jane Street	14%
Citadel	13%

Source: LinkedIn



To understand how headcount growth is impacted by company size Acuiti broke down the 58 firms measured into tiers depending on the number of employees. This analysis shows that the larger the firm, the stronger the median headcount over the past six months.





All types of assets:

- FX
- Crypto
- Equity
- Commodity
- Derivatives

A one-stop shop:

- Connectivity
- Colocation
- Market data & order entry
- HaaS (Hardware-as-a-Service)

Standing out because of:

- Global coverage
- Best-in-market latencies
- Fast setup
- Exceptional customer service