For Equity Derivatives Brokers, the Wait for Volatility Continues

2018 Greenwich Leaders: Flow Equity Derivatives

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Executive Summary:



The waiting game for volatility continues for equity derivatives brokers.

For the past several years, brokers have been waiting for a surge in volatility that revitalizes trading business in flow equity derivatives products. It's true that 2018 has been a better year for the business than 2017, with listed options volume up some 20%. In fact, the volatility spike in the first half of the year had brokers thinking a rebound was at hand. The subsequent summer slowdown came as no surprise, and brokers remained relatively confident as they awaited the post-Labor Day recovery. They're still waiting—though October has raised hopes.

Nevertheless, the world's biggest banks are maintaining their commitment to this important and potentially lucrative business. In this report, we identify those top brokers and present the list of 2018 Greenwich Share and Quality Leaders in Flow Equity Derivatives, including Equity Options & Volatility Products, Equity Swaps and Equity Futures in Europe and North America.

Methodology:

Between April and June 2018, Greenwich Associates conducted interviews with 102 flow equity derivatives users, including asset managers, hedge funds, insurers, pensions, and banks in North America, and 126 in Europe. Respondents were asked to name the top 5–10 brokers they use for specific products and to rate the firms according to a series of qualitative factors in each product.

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