Addendum – November 2025 Update

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Summary

Given the scope and significance of the liquidity provisioning framework change for Europe's flagship benchmark, we believe it is essential to update this paper regularly with relevant and current data. The original messaging and content remain unchanged. Instead, we will provide relevant updates as addendums so readers can easily track progress.

In the months following the launch of this new framework, a common question among many market participants has been whether order books would hold up in times of stress. October brought the first material test of order book resilience amid heightened volatility, driven largely by whipsawing trade headlines from the U.S. (within three weeks, market saw threats of new China tariffs, backing off of those tariffs, and then a full trade deal). Encouragingly, order books remained tight, deep, and liquid throughout this period of elevated volatility, a good indication that these order book improvements are built to last.

Data

The most obvious and expected impact of the higher volatility was on spread quoted in the order books. While October's spread widths ticked above late-summer levels, quoted spreads are still significantly tighter than pre-framework change. This follows September, a month that recorded the tightest quoted spreads seen in many years.

Average BBO Spread/notional (in bps)

Month	Calls	Puts
Feb 2025	25.30	16.07
March 2025	27.41	24.19
Apr 2025	51.63	78.62
May 2025	20.91	18.81
June 2025	14.20	13.94
July 2025	7.97	6.93
Aug 2025	8.44	8.72
Sep 2025	6.76	7.36
Oct 2025	10.89	10.31

Interestingly, while volatility picked up in October, quoted BBO size remained robust, second only to September this year. As a reminder, the average trade size in OESX is around 35 contracts, indicating that the best bid/offer can easily absorb most flow.

Average Size on BBO (bid+ask)/2

Month	Calls	Puts
Feb 2025	280	359
March 2025	267	343
Apr 2025	306	182
May 2025	235	268
June 2025	274	279
July 2025	296	345
Aug 2025	275	340
Sep 2025	330	375
Oct 2025	315	347

We define an “aggressive” trade as one that hits a bid or lifts an offer. While not a perfect proxy, an increasing aggressive trade rate can be viewed as a sign that order books are sufficiently tight. In both September and October, the percentage of agency trades classified as “aggressive” was materially above pre-framework levels.

Aggressive Trading in Simple Instruments

Month	Agency	Market Making	Proprietary
Jan 2025	15%	80%	6%
Feb 2025	15%	81%	4%
Mar 2025	12%	84%	3%
Apr 2025	12%	86%	2%
May 2025	15%	80%	6%
June 2025	17%	78%	6%
July 2025	19%	74%	7%
Aug 2025	16%	79%	5%
Sep 2025	18%	74%	8%
Oct 2025	18%	75%	7%
Grand Total	**16%**	**79%**	**7%**

We also observed a clear increase in order book shares in simple instruments after 1 July 2025. On several days in August, it exceeded 65 percent of total trading. In fact, 17 out of 23 days in July, 15 out of 21 in August, 19 out of 22 in September and 15 out of 23 in October were above the yearly average share executed in the order book. October saw 8.6 million contracts traded in outrights, the best month in the second half of 2025 and the highest since Liberation Day. Across all instrument types, the product traded 22.2 million contracts, a significant increase over the June – September average of 16.7 million contracts.

Monthly Order Book vs. Block Volumes in Simple Instruments

Month 2025	OB	TES	Total	OB Ratio
Jan	3,968,072	5,195,305	9,163,377	43.30%
Feb	3,800,462	3,366,404	7,166,866	53.03%
Mar	4,611,481	4,389,379	9,000,860	51.23%
Apr	4,779,125	6,459,000	11,238,125	42.53%
May	3,425,883	4,931,436	8,357,319	40.99%
June	3,580,438	3,838,115	7,418,553	48.26%
July	3,782,694	3,546,518	7,329,212	51.61%
Aug	3,557,487	3,510,103	7,067,590	50.34%
Sep	3,488,315	3,018,671	6,506,986	53.61%
Oct	3,785,653	4,838,294	8,623,947	43.90%
Grand Total	**38,779,610**	**43,093,225**	**81,872,835**	**47.37%**

The consistency of quoted screens has improved considerably, as seen in the reduced gap between the maximum and minimum of strikes quoted on any given day. This analysis only considers strikes quoted according to the standards set by the new for more than half the trading day. We find that coverage has remained consistently high after the 1 July framework change.

Instrument Level Quotation

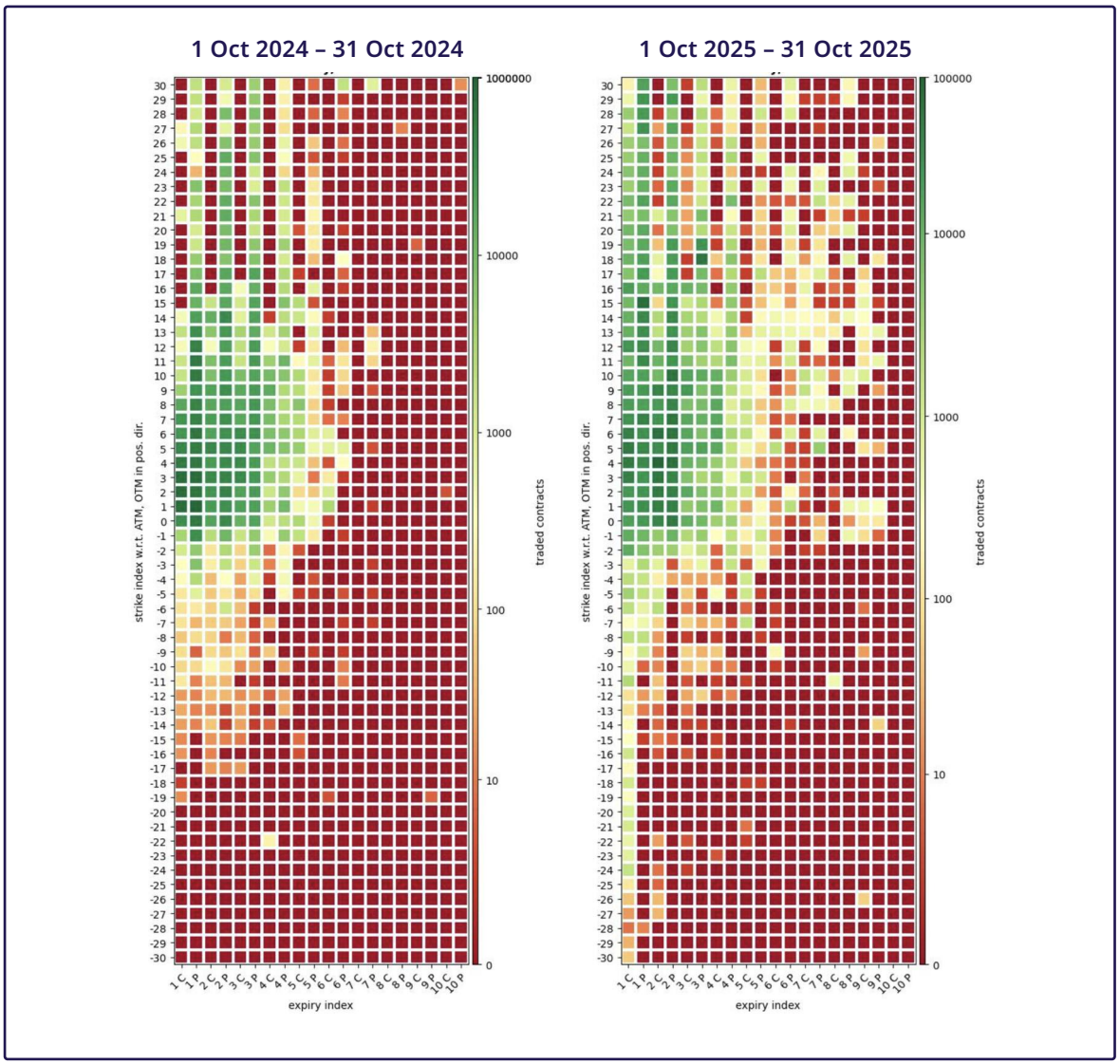
Month	Average # of Strikes Quoted	Min # of Strikes Quoted	Max # of Strikes Quoted
Jan 2025	2,887	2,586	3,049
Feb 2025	3,345	3,153	3,574
Mar 2025	3,221	2,889	3,592
Apr 2025	3,055	1,347	3,703
May 2025	3,514	3,147	3,933
June 2025	3,690	3,099	4,000
July 2025	4,436	3,886	4,630
Aug 2025	4,241	4,089	4,516
Sep 2025	4,176	3,999	4,400
Oct 2025	4,184	3,925	4,620

The plots below show the traded volume patterns in the orderbooks, comparing weeklies between October 2025 and October 2024.

Two high level findings:

1. It is clearly observable that significantly more strikes traded year-on-year in the order book. To quantify this, on average, 205 strikes traded in weekly expiries per day during July – October 2025, compared to an average 130 strike in 2024.
2. There is a notable uptick in volumes for deep in-the-money weekly options. While this volume remains light, it could be early signs that liquidity is sufficient to use shorter-dated options for delta hedging (a phenomena already evident in other markets).

Trading Volumes in Weeklies (October 2025 vs. October 2024)



When we zoom in on traded volumes per sub-monthly expiries of OESX (weekly or end-of-month), we see an increase of 265K contracts year-over-year. This growth reflects firmer and higher-quality liquidity in this part of the surface, providing more granular opportunities to trade the curve, roll weekly positions, and improved price discovery along the expiry curve. Similar trends are evident in the second-year expiries, where 300K more contracts traded in the order book compared to last year.

Trading volumes in longer dated weeklies

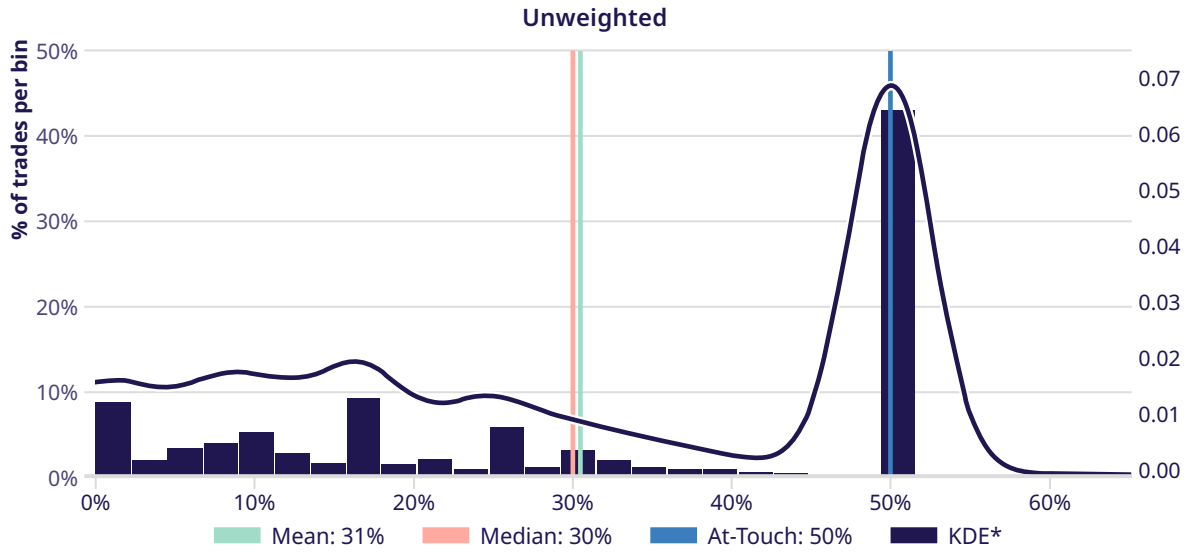
Year	5th	6th	7th	8th	9th	10th	11th	Total
2024 (Jan – Oct)	167,043	10,344	4,012	641	141	24	1	182,206
2025 (Jan – Oct)	254,939	81,436	38,660	25,243	34,204	12,575	404	447,461
Grand Total	**421,982**	**91,780**	**42,672**	**25,884**	**34,345**	**12,599**	**405**	**629,667**

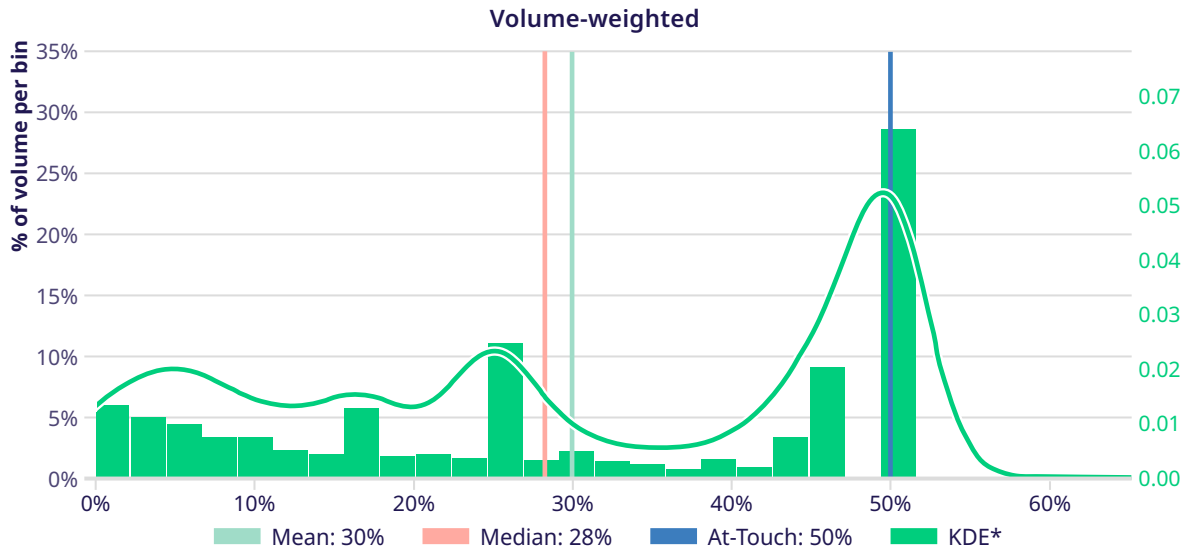
Next, we examine individual executions in OESX during October 2025, focusing on the execution price relative to the original quoted BBO before the limit order hit the book. In options markets, the executed price often fall within the best bid-offer range, as traders typically negotiate a better execution price than what is currently quoted.

From the volume-weighted distribution, roughly 28 percent of traded volume occurs exactly at the touch (the 50 percent-of-spread level).

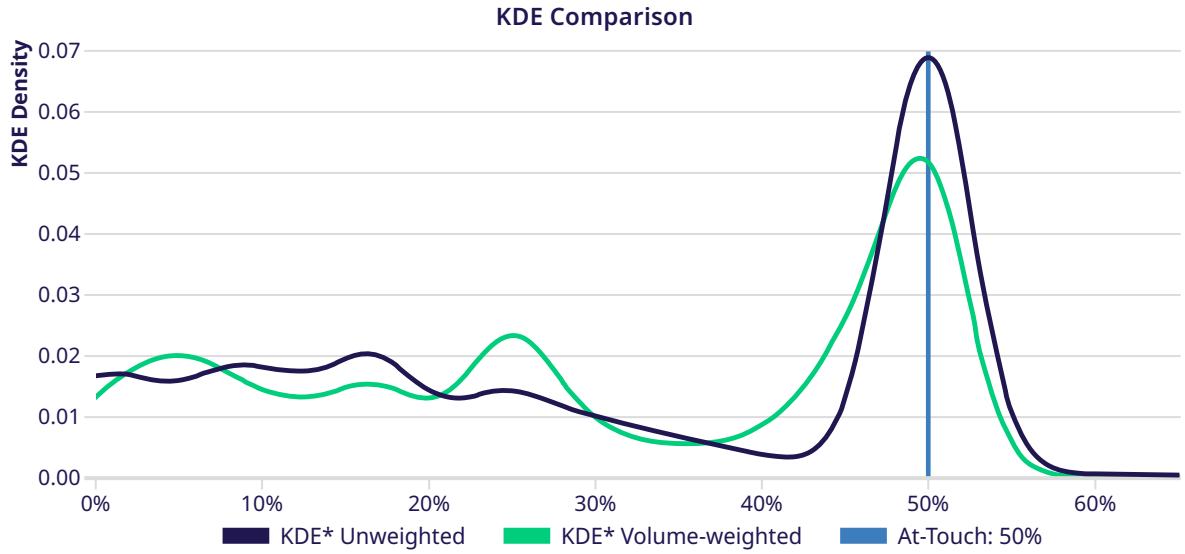
The unweighted and volume-weighted histograms also indicate that about 8 percent of trades and 5 percent of volume execute at the midpoint (0 percent), signaling a meaningful willingness in the market to trade at fair-value levels. Another observation from the plots is that larger trades tend to execute deeper inside the spread, reflected by the fatter left side of the volume-weighted distribution compared with the unweighted one. This indicates that for larger size trades the tendency is to go further within the spread.

OESX – Distance to BBO Mid as % of Spread (1 to 31 October 2025)





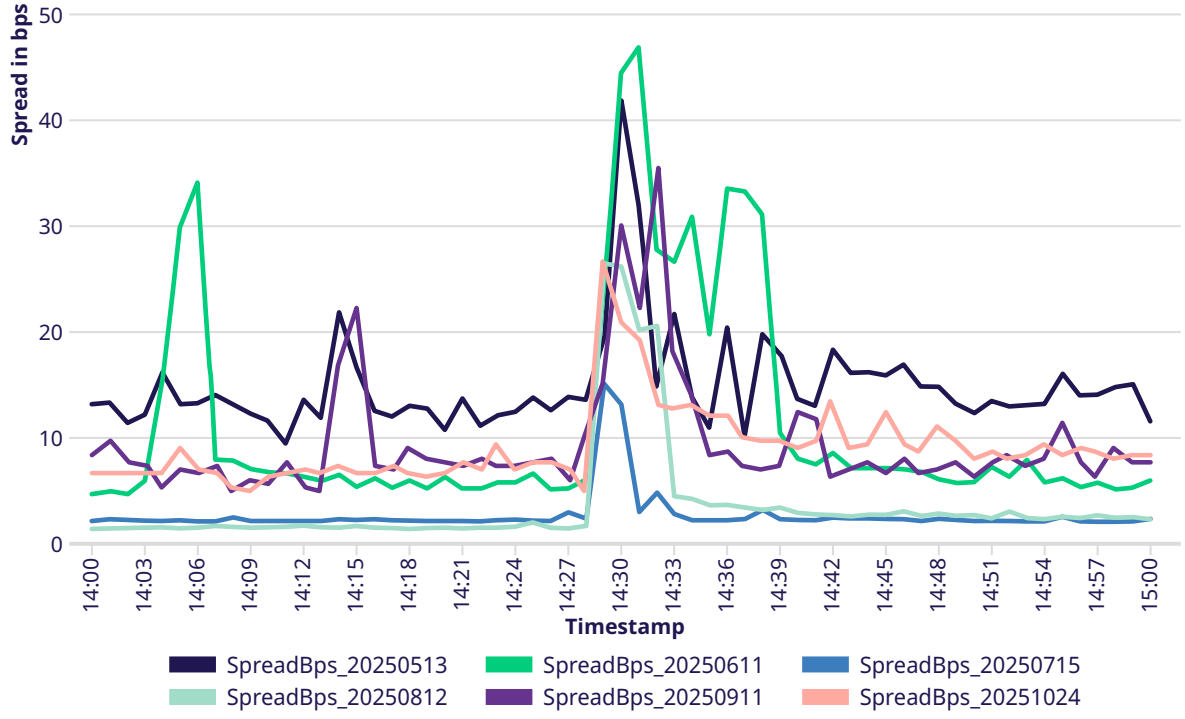
* Kernel Density Estimator



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Lastly, while CPI announcements have been scarce in the recent months due to the U.S. government shutdown, we updated our plot to highlight quote behavior around these releases. For the last two releases, spreads around the release remained significantly tighter than pre-scheme and reverted to non-stressed conditions more quickly.

Average Spreads during CPI Announcements



Contact

SALES AMERICAS
matthew.koren@eurex.com

SALES EUROPE
sophie.granchi@eurex.com
dorte.carlsen@eurex.com

SALES ASIA
kris.hopkins@eurex.com

LIQUIDITY ANALYTICS
strahinja.trenkic@eurex.com

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Mergenthalerallee 61
65760 Eschborn
Germany

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