

ETF SPECIAL

Building a unified ETF market: Euronext's answer to fragmentation

ETFs without borders:
The first truly European
ETF market

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**One order book, many
variables:** Euronext's
ETF overhaul

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Euronext

ETF Europe

Unifying European ETFs



Enhanced Market Quality



Improved Distribution



Streamlined Post Trade Process



Greater Transparency



Operational Simplicity



Introduction



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Welcome to this ETF Stream special report exploring the launch of Euronext ETF Europe – a landmark initiative aimed at reshaping how ETFs are listed, traded and accessed across the continent.

From September 2025, Euronext will consolidate its ETF activity under a single platform, creating a unified listing with a central order book and harmonised post-trade infrastructure. The goal is to reduce fragmentation, improve liquidity and lower costs for both issuers and investors.

The move is being positioned as a turning point in Europe's ETF evolution – one that aligns with broader EU ambitions for deeper capital market integration and greater retail participation. By removing barriers to cross-border ETF trading, the initiative promises to unlock new efficiencies and broaden access for investors across markets.

Market participants have largely welcomed the change, highlighting potential benefits from tighter spreads and operational simplicity. Yet questions remain around how much of Europe's ETF flow will be impacted in practice, how local market access will be preserved, and whether post-trade efficiencies will be maintained or disrupted.

As Europe continues its push toward more connected capital markets, Euronext's overhaul marks a bold step in that direction. Whether it proves transformative or incremental will depend on execution – and on how well it balances the need for consolidation with the realities of a complex, multi-venue ETF ecosystem.



ETFs without borders: The first truly European ETF market

This month, Euronext will launch Euronext ETF Europe in a bold move set to redefine the ETF landscape and create the first truly European ETF market



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At the core of Euronext's DNA is a strong commitment to achieving more integrated capital markets across the EU, promoting deeper liquidity and facilitating cross-border investment, aligned with the goals of the Savings and Investments Union. Yet, progress has been slow, and markets – the ETF market in particular – are still struggling with fragmentation and inefficiencies.

A few facts to consider:

- In Europe, each ETF is listed on an average of **3.5** exchanges. There are **29** different exchanges on which ETFs can be listed, and OTC and alternative trading platforms account for over **60%** of European ETF trades. This structure spreads liquidity thin,

adds costs for both investors and issuers and locks retail participants out of broader multinational opportunities.

- Retail investors are often restricted to trading in their local capital market ecosystem, making it harder to access ETFs beyond their national borders, causing issuers to maintain multiple listings to achieve optimal distribution. The result creates additional trading costs, less transparency and diminished access to financial instruments in other European countries.

- Market participants face increased costs and settlement inefficiency when trading across multiple venues

due to complex post-trade arrangements, including various intermediaries required to settle cross border transactions.

Something must change. As an integral part of the market infrastructure and with a European presence across the value chain, Euronext is in a unique position to address the barriers preventing true international investment. And that is what we are doing with **Euronext ETF Europe**.

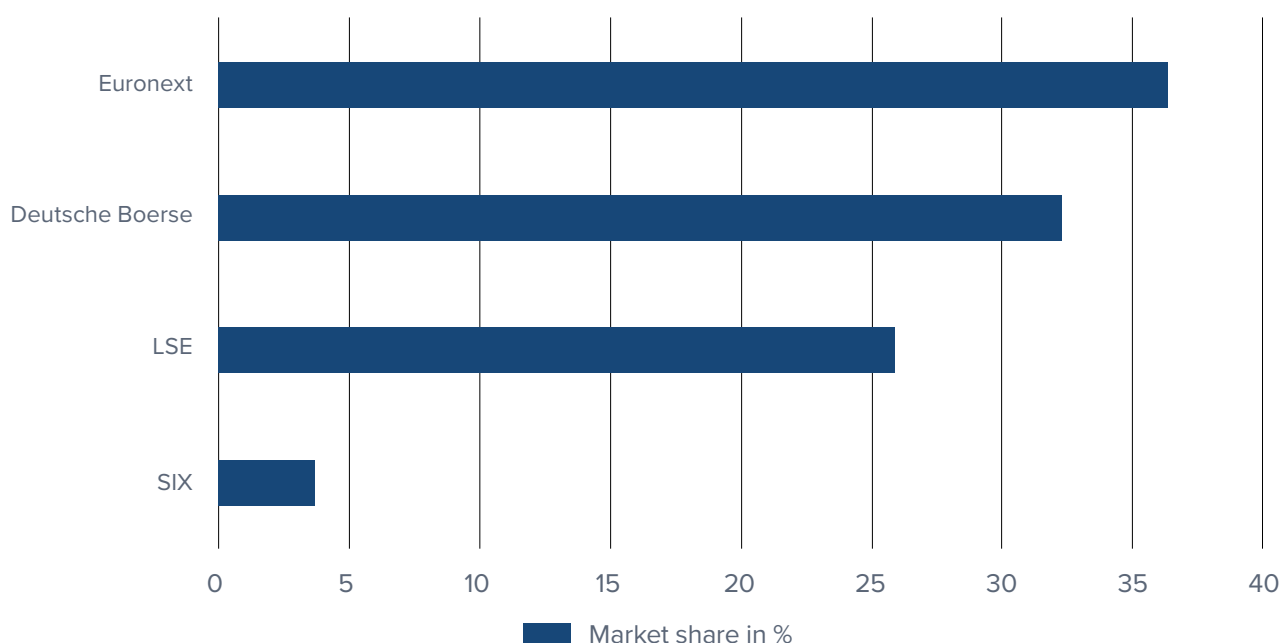
One listing, one order book, a unified ETF market

With Euronext ETF Europe, we are leveraging our expertise in building integrated order books paired with a streamlined post-trade chain and applying this experience to the European ETF market.

Euronext ETF Europe will create a single listing accessible to all Euronext members; a single order book with deep liquidity on a single platform, Optiq®; one consolidated market data channel and an efficient post-trade solution.

This aims to create the deepest, most liquid trading venue for ETFs in Europe, reducing market fragmentation and enhancing ETF trading and distribution efficiency.

European Market Share (RMs, by number of trades)



Source: FESE & LSE ETF and ETP daily trading statistics

“By addressing listing, liquidity and post-trade fragmentation in the markets where we do business, we are removing the barriers and the result will be an efficient, integrated ETF market experience that will benefit everyone.”

Value and simplicity for issuers

As a leading ETF trading venue, Euronext accounts for 36% of all ETF trades made on regulated markets in Europe.¹ With Euronext ETF Europe, issuers can unlock the full potential of the Euronext network with a single listing, powered by a single technology platform, Optiq. The listing venue will no longer hinder availability or tradability of the ETF, making the listing location irrelevant from an investor's point of view.

Issuers can reach a broader audience seamlessly, eliminating the cost and complexity of managing multiple listings across fragmented markets. The simplified listing process, combined with harmonised access to trading and data solutions, allows issuers to reduce operational

overhead and focus on bringing innovative ETF products to a growing base of investors across Europe.

Opening new door for retail investors

Euronext ETF Europe will remove the friction and cost barriers associated with cross-border transactions today, allowing members of Euronext to now give their clients access to a broader ETF universe, with deeper liquidity, tighter spreads and improved execution quality.

They will also gain access to the full range of ETFs currently listed on Euronext, offering a more inclusive investment experience that empowers retail investors across Europe to access the ETFs that fit their needs, regardless of where those ETFs are listed.

¹April 2025

Empowering our trading members

We believe that removing barriers to ETF trading unites and benefits all market participants, including trading members, market makers, issuers, brokers and end investors. Through Euronext ETF Europe, market participants will be able to expand their offering to provide their customers an exceptional range of ETFs, covering all asset classes, powered by excellent market quality.

The simplified membership process means that even new market participants can tap into the benefits

of this new market, making access simpler and more open and benefit from a streamlined and efficient post trade service, reinforced by Euronext Clearing and Euronext Securities.

Open, frictionless access to a single Euronext ETF market will allow market participants to improve the trading and investment experience across the value chain.

Forging the future of Europe's savings and investments landscape

In a report on the Savings and Investments Union issued in March of

this year,² the European Commission highlighted that “persistent fragmentation limits the benefits to be gained from the EU’s single market” and called for “urgent action to address these barriers”.

Euronext ETF Europe is answering the call. By addressing listing, liquidity and post-trade fragmentation in the markets where we do business, we are removing the barriers and the result will be an efficient, integrated ETF market experience that will benefit everyone.

The same report also highlights the need to encourage retail participation in capital markets by ensuring “retail investors are treated fairly and offered adequate choice when accessing investment products”.

Again, by removing the barriers to access ETFs traded on other European markets, we are expanding the investment reach of private retail investors, enabling them to trade a wider range of ETFs at competitive prices.

As we embark on this journey, we invite every market participant in Europe to join us. That is why we are supporting each of our clients individually, to help them adapt to this new way of accessing ETFs in Europe, to the benefit of local and national economies and as a significant step on the road to building the Savings and Investments Union.

By enabling more open, inclusive and efficient access to ETFs across Europe, Euronext ETF Europe is more than a new listing venue, it is a pivotal step toward a stronger, more dynamic and truly connected European capital market.



² [Savings and Investments Union: A Strategy to Foster Citizens' Wealth and Economic Competitiveness in the EU, 19 March 2025](#)

One order book, many variables: Euronext's ETF overhaul



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Euronext's plan to unify its ETF trading under a single platform marks one of the most significant structural shifts in Europe's ETF market in recent years.

For ETF issuers, it promises a more efficient way to reach investors across borders with a single listing. For investors, it could lead to better price transparency, tighter spreads and simpler market access regardless of where an ETF is domiciled or traded.

This bold step has been broadly welcomed as a long-overdue response to Europe's fractured ETF ecosystem and market participants are now turning to the details and assessing how far the benefits will extend in practice.

On the trading side, the new structure has drawn early praise. "In principle, more liquidity concentration in one exchange venue across Europe, avoiding multiple listings, can reduce costs to issuers to carry forward and transfer to investors," said Renato Zaffuto, head of investment solutions at Fideuram. "It would also reduce bid-ask spreads if operational processes will be more efficient than they are today."

"It would help attract global investors from other geographies

eliminating multi-currency listing constraints and broadening access," he continued.

Jim Goldie, international head of capital markets at Invesco, agreed, describing the development as "a positive step for the industry overall", praising the initiative's goal to reduce listing fragmentation.

One ETF market maker said the "well-meaning endeavour" should reduce trading costs. It could also provide some benefit for retail investors since their orders are more likely to get matched efficiently, they explained.

"We want the exchange to be a

lively place – we are quoting prices and we want participants to be able to access liquidity from us. The more activity there is on the exchange, the better it is, even for us. However, it is not going to fundamentally change how ETFs operate on a day-to-day basis," they continued.

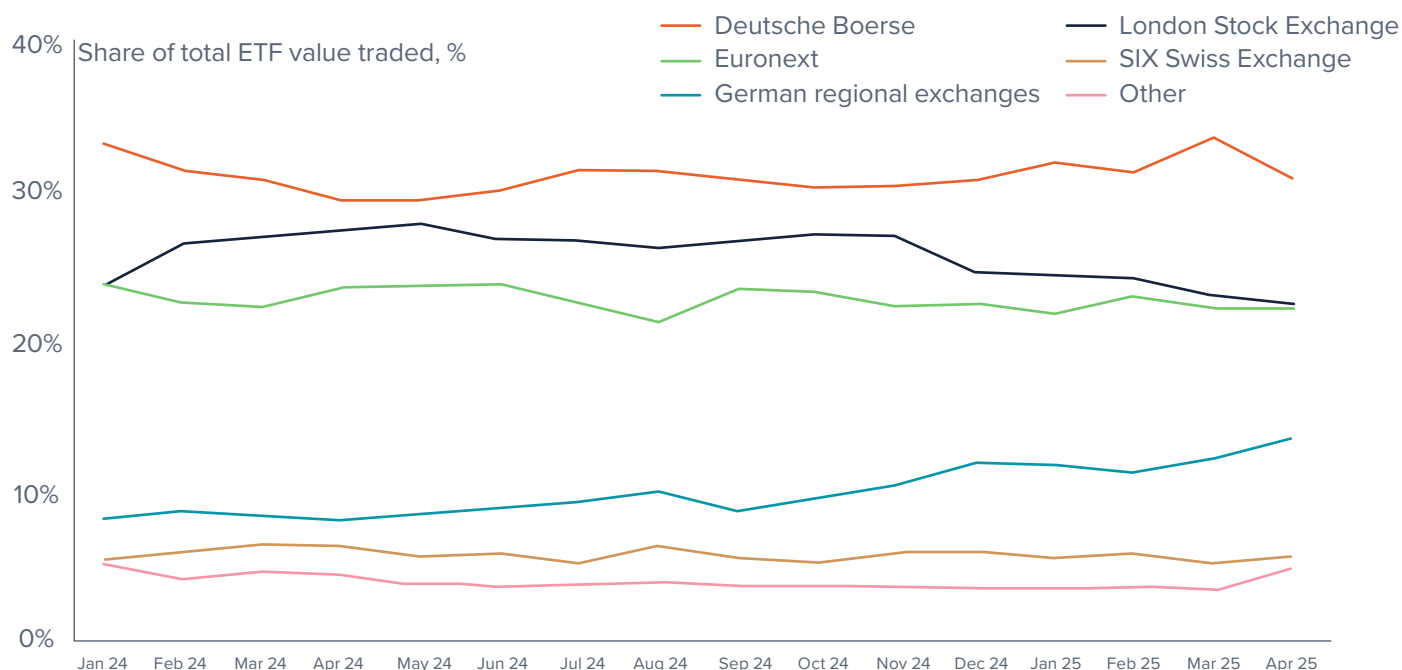
Paul Young, head of capital markets at Vanguard noted "this type of initiative will be transformational for how retail investors access ETFs at a lower cost."

According to Michael John Lytle, CEO at issuer Tabula Investment Management, the platform is a "step in the right direction, though it does not solve the problem", pointing to the share of European ETF volumes which go through Euronext exchanges.

In 2024, around 25% of ETF value traded was executed on lit venues and of this less than one-quarter on Euronext exchanges, as shown in the chart below. In other words, only about 5% of Europe's ETF flow will be affected. With that in mind, out of the flow executed on regulated markets, 36% of all trades are done on



Share of ETF value traded by European exchange, 2024-present



Source: big xyt

Euronext venues today.

From September, issuers with ETFs listed on multiple Euronext venues will choose which domestic Euronext venue they wish to remain listed on. The new offering will then consolidate order flow into a single order book, allowing access to Euronext members across multiple countries.

The development will help to make “cross-listings a thing of the past,” Aurelien Narminio, head of indices, ETFs and securitised derivatives at Euronext said.

In terms of operational setup, the new model will employ a clearing system whereby clearing is integrated with domestic central security depositories (CSDs) and international central securities depositories (ICSDs).

Over the last decade, ICSDs such as Clearstream and Euroclear have

gained traction as one of the main settlement models for cross-listed ETFs in Europe to some trading members, offering settlement from a single location and significantly improving post-trade efficiency. Trading members may also leverage the ECB's Target2-Securities settlement system, via connected CSDs. For example, Euronext is working on a model that operates

“The platform may not solve all of Europe's structural challenges – and may not be a silver bullet for fragmentation – but it represents a deliberate step forward.”

within the European T2S framework and takes into account market participants settlement efficiency and harmonisation needs.

Goldie emphasised the need to protect these existing efficiencies: “It is important that we maintain as much post-trade harmonisation as possible and the settlement efficiencies created via the ICSD model are not disrupted – something about which there is ongoing dialogue between Euronext and the industry at the moment.”

One ETF market maker echoed the sentiment finding integrating Euronext Clearing with CSDs and ICSDs “a very ambitious and complex endeavour,” particularly if the outcome leads to greater reliance on Euronext's own CSD infrastructure, unintentionally shifting settlement away from ICSDs.

Narminio declared that the platform

is not incompatible with the ICSD model and said “the ICSD model works well for ETF issuance and will remain the standard. Yet a lot can be done to improve settlement efficiency and this is what we are working on.”

While Euronext is encouraging issuers to consolidate listings, it is not mandating it. That means each issuer will need to weigh the trade-offs. Today, many investors and brokers are still configured to trade only ETFs listed in their local market, Euronext ETF Europe will remove these barriers, allowing members to trade on other markets through an improved membership process and streamlined post-trade set up.

“This initiative improves investor access to ETFs across Europe, strengthens market quality and trading efficiency, key drivers of value for clients”, noted Alexandre Roubaud, EMEA head secondary &

options markets at BlackRock.

Zaffuto pointed to that the risk “if the concentration process affects market access for local intermediaries or retail investors, it could reduce trading volume in lit venues in favour of OTC venues.”

However, Narminio said it is “working hand-in-hand with brokers to ensure that their trading and post-trade setups allow them to benefit from this extended value proposition.”

Technology is another consideration. While all three exchanges already run on Euronext's Optiq platform, aligning operational processes will still require adaptation and investment. “Adjusting trading workflows from a multi-country setup to a more concentrated system would require more investment in technology,” said Zaffuto.

Although this will require some

adaptation from clients Euronext said any adjustments would be “minimal”, noting that its ETF venues already use the same technology platform and the long-term benefits of the initiative will outweigh any short-term adaptation.

Still, there is broad agreement that the principle behind Euronext ETF Europe is sound. “Anything that helps simplify the process of getting prices and executing ETF trades is helpful to investors and market makers alike,” said Lytle. “Simplification is also important for drawing new, less sophisticated ETF investors into the market.”

One institutional investor framed it in broader terms: “Exchanges are vital to market efficiency, investor confidence and the seamless functioning of the ETF secondary market. It is good to see Euronext being thoughtful about the development of the ETF ecosystem.”

The platform may not solve all of Europe's structural challenges – and may not be a silver bullet for fragmentation – but it represents a deliberate step forward. As the EU continues to push for deeper retail engagement and more integrated capital markets, moves like this from market infrastructure providers show there is momentum behind those goals.

What remains now is execution: delivering the post-trade clarity the industry is calling for, ensuring local investor access is preserved and proving that even modest consolidation can unlock broader progress. If Euronext can navigate those hurdles, this could be the beginning of a more accessible, efficient and unified ETF ecosystem across Europe.





Euronext

ETF Europe

One Single Order Book

One Listing

A Unified ETF Market

