

Capitalab Completes Second EURO STOXX 50 Equity Derivatives Compression Cycle Offsetting \$6 Billion Notional

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LONDON, Dec. 14, 2021 /PRNewswire/ -- Capitalab, a division of BGC Brokers LP, an entity within the BGC Partners, Inc. (NASDAQ: BGCP) group of companies, in collaboration with Eurex successfully executed its second multilateral risk-constrained EURO STOXX 50 options compression cycle. The cycle included approximately 120,000 listed options contracts traded or 14 percent of the daily volume and \$6 billion notional unwound. Capitalab and Eurex announced their first compression in equity index derivatives in Europe in July 2021¹, enabling participants to lower capital costs and reduce open positions of derivatives that carry some of the highest cost of capital per unit of notional exposure in the industry.

"The execution of this compression cycle is another milestone in terms of volume of contracts closed and notional unwound. Capitalab, Eurex and participants are working on adding additional features like support for Weeklies and Futures to make cycles even more efficient," said **Olivier Roguez**, head of equity sales at Capitalab.

Dr. Nicholas Kassapakis, co-head of CCP trading risk management at UBS Investment Bank, commented; "We are very pleased that Capitalab have collaborated with UBS for over a year to enable us to participate in the pioneering work of offering compression services to the equity derivatives markets. An agile approach, with an intuitive interface and the right risk management tools, assured us we could safely manage our balance sheet constraints under the exacting risk standards of UBS Investment Bank. We look forward to working with Capitalab to expand the scope of this service which importantly contributes to the financial stability of our banking system."

Aldo van Audenaerde, head of trading at Optiver V.O.F., commented; "Compression frees up valuable capital that would otherwise be held unnecessarily against offsetting positions that can be compressed. The end goal of compression is a cleaner portfolio, with less complexity and enhanced capital efficiencies, allowing for healthier and safer derivatives markets. We're excited to see it taking off in EURO STOXX 50 options. A clear, streamlined process and good responsiveness from Capitalab made the experience a

smooth one. We anticipate compression saving us substantial effort and costs going forward and would support the move to include more underlyings in the future."

Dan Cohen, managing director, head of EMEA index flow trading at Credit Suisse, commented; "Compression business started more than a decade ago in the fixed income world helping financial institutions to reduce their cost of balance sheet. It is clearly a gap for the equity derivatives market that we are looking to fill at the moment. We have been working very closely over the past months with Capitalab to design a tool that we believe is now the best in class to allow efficient compression trades. Credit Suisse participated in the first two cycles over the past few months: the compression experience has been successful so far at every stage of the execution process. We look forward to executing more cycles in the near future and are confident volumes are only going to increase in that space."

About Capitalab

Capitalab, a division of BGC Brokers LP, provides compression services that are designed to bring greater capital and operational efficiency to the global derivatives market. It assists clients in managing the growing cost of holding derivatives, while helping them to meet their regulatory mandates. Through the Swaptioniser® service for portfolio compression of Interest Rate Swaptions, Interest Rate Swaps, Caps and Floors, Equity options, FX and FX Options, as well as Initial Margin Optimisation service and fully automated trade processing, Capitalab looks to simplify the complexities of managing large quantities of derivatives to promote sustainable growth and lower systemic risk and to improve resiliency in the industry. The Capitalab brand is part of the Fenics fully electronic family of brands. BGC Brokers LP is authorised and regulated by the UK Financial Conduct Authority and is based in London. BGC Brokers LP is a subsidiary of BGC Partners, Inc. (NASDAQ: BGCP), a leading global brokerage and financial technology company.

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BGC Partners, Inc. ("BGC") is a leading global brokerage and financial technology company. BGC specializes in the brokerage of a broad range of products, including Fixed Income (Rates and Credit), Foreign Exchange, Equities, Energy and Commodities, Shipping, and Futures. BGC also provides a wide variety of services, including trade execution, brokerage, clearing, trade compression, post-trade, information, and other back-office services to a broad range of financial and non-financial institutions. Through its brands, including FMX™, Fenics®, Fenics Market Data™, Fenics GO™, BGC®, BGC Trader™, Capitalab®, and Lucera®, BGC offers financial technology solutions, market data, and analytics related to numerous financial instruments and markets. BGC, BGC

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¹ For additional information, please see press release titled "Capitalab and Eurex first in Europe to execute compression in equity index derivatives" dated July 28, 2021.



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