

Introduction

ETF issuers are under growing cost and operational pressure. As competition intensifies, many are considering whether key functions could be managed externally. Outsourcing is now standard practice for custody, fund administration, and portfolio management. The question is whether Capital Markets, a function central to liquidity, trading, and investor relationships can follow the same path.

What Capital Markets Does

Capital Markets sits at the intersection of product design, trading, and client engagement. The team manages primary market activity, oversees liquidity and spreads, and maintains relationships with authorized participants (APs) and market makers. It ensures smooth fund operations and acts as the bridge between portfolio management and the trading ecosystem.

As Jürgen Blumberg ex Head of ETF Capital Markets Europe at GSAM described, "Capital Markets takes care of everything that differentiates an ETF from a mutual fund. The team manages primary market activity, liquidity, spreads, and relationships with authorized participants (APs) and market makers."

- Overseeing creations and redemptions including seeding
- Managing ETF liquidity and spreads
- Guiding clients on trading and best execution
- Monitoring data and listings across exchanges and RFQ platforms
- Maintaining trusted relationships with APs and liquidity providers
- Valuable feedback on colour around creation and redemptions
- Staying close to regulators and policy developments