acuiti management intelligence

Sell-side Execution Management Insight Report

Q2 2026

IN ASSOCIATION WITH

KRM22

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Introduction

Welcome to the second Acuiti Sell-side Execution Management Report of 2026.

The year began with market volatility driven by concerns over the extent of debt-financed capital expenditure on Artificial Intelligence. In the final weeks of last quarter, attention shifted to the rising oil price and falling risk markets, as Iran responded to US and Israeli attacks with missile and drone strikes across the Gulf.

This report investigates what sell-side execution desks are doing with AI, what next steps they are planning, and what their hopes are for this new technology as well as their concerns.

Then, in a special focus section, we take a deep dive on the current state of pre-trade limits and limit management infrastructure in partnership with KRM22. In addition to exploring where frustrations lie within current set-ups, we assess the desirability and challenges of integrating the two.

In this quarter's hot topics, we look at how desks are responding to various exchange requests, such as to test client algos, to upgrade verification of individual authorised trader IDs for ATS and to conduct exchange fire drills. We also gauge the perception of Broadridge's acquisition of CQG.

This report is based on a survey of the Acuiti Sell-Side Execution Expert Network, a group of senior executives from banks and brokerages across the globe.

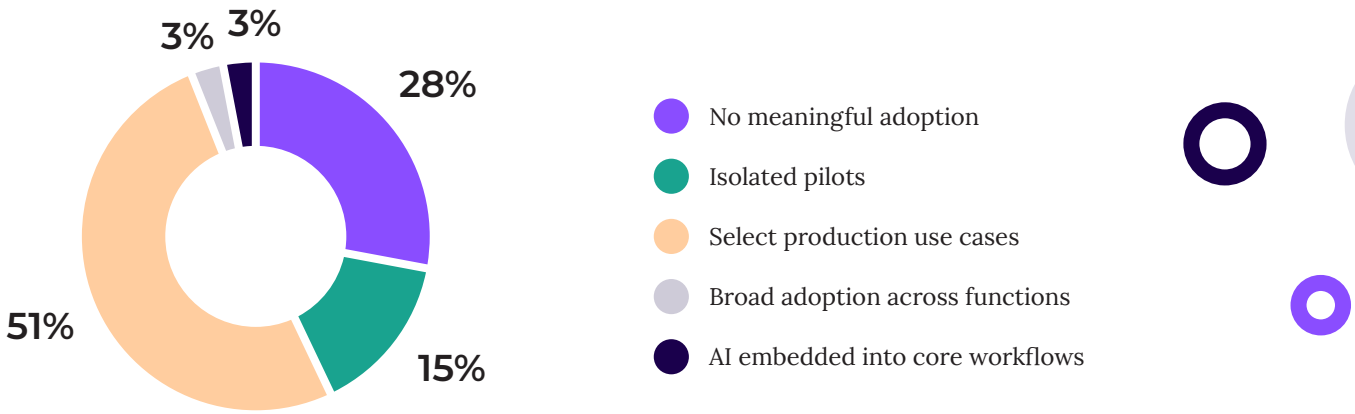
Each quarter, expert members suggest questions for the report, which are then circulated across the whole network for an anonymous survey. If you are a senior sell-side execution executive that is not part of the network please contact Hena at henahadi@acuiti.io.

AI Adoption

Current status of AI adoption

Every financial firm is exploring the use of AI, including agentic AI, with many seeking to push beyond customer chatbots towards integrating the technology into core business workflows. In execution management, just over half of the firms in the Acuiti Sell-Side Execution Expert Network already have AI operating in select front office production use cases, with a further 15% running isolated test pilots. It's still early days in the AI adoption trajectory, so not a shock that only 3% yet have AI fully embedded into core workflows and a similar minority have broadly adopted the technology across functions. The bigger surprise is that over a quarter of firms report no meaningful adoption at all so far.

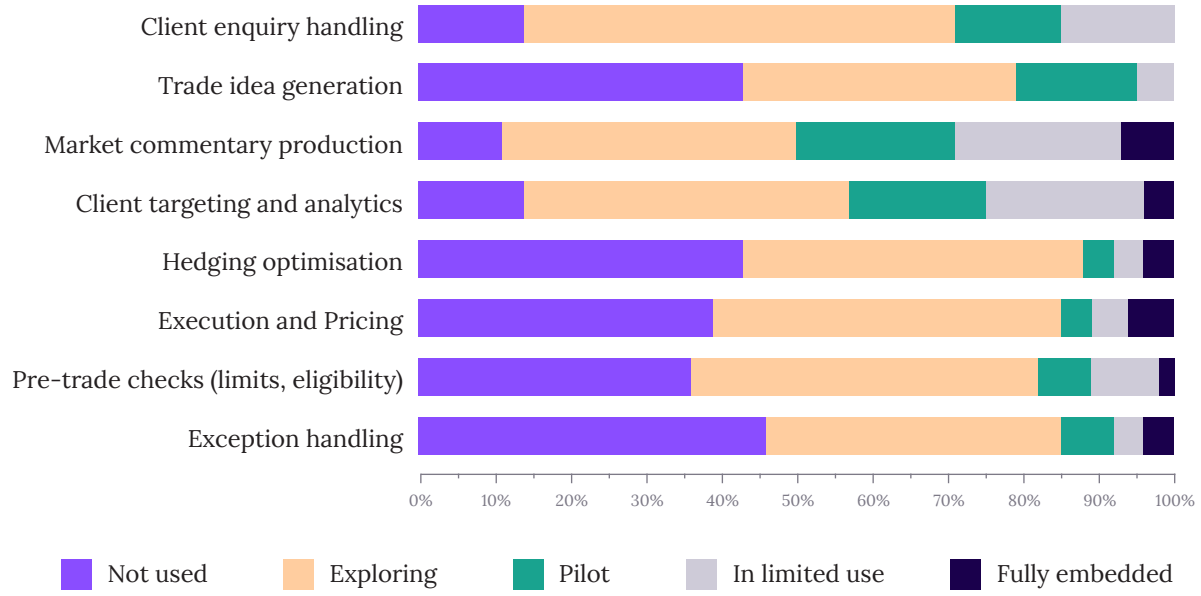
How would you describe your organisation's overall AI maturity in front-office functions?



So far, the biggest use case that sell-side firms have identified for AI is producing market commentary, with 21% of firms that have some level of AI adoption already having it in limited use here, another 19% running pilots and 39% exploring the idea. Meanwhile, 8% of firms say AI is already embedded in creating market commentary. Intriguingly, over one third of firms are looking at AI to generate trade ideas, with 16% running pilots and 5% already reporting limited use in live production. None have this fully embedded yet though. Only at 10% or so of firms has AI reached the centre of execution management. Only single digit percentages of firms report use in execution and pricing, and a similar number of firms use it for pre-trade checks on customer eligibility and limits. Only 4% have AI fully embedded for hedging optimisation, with a similar number running it in limited use.

The possibilities being considered for AI application remain vast though. A substantial proportion of the network were exploring AI use in pre-trade checks for example. As detailed in our special focus section, this is an area where firms are identifying significant inefficiencies. However, resolving them represents an significant task for many, which has provided impetus to explore smarter ways of rationalising disparate internal databases.

For each area below, please indicate the current status of AI deployment:



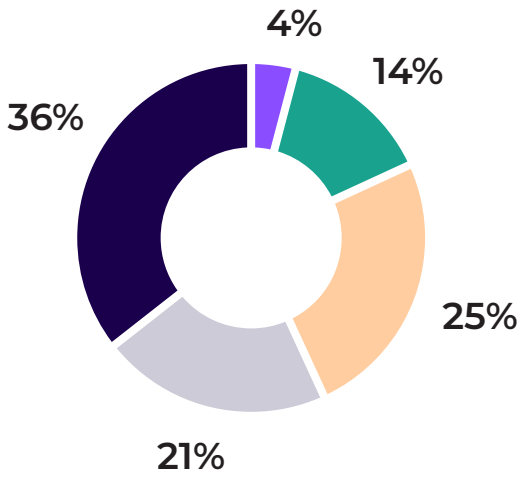
Hopes for 2026, concerns and governance

We asked those firms already using AI in various parts of their execution management business what measurable benefits they have observed. The most popular answer was improved staff productivity. Faster decision making and reduced operational friction also scored highly, each being reported in the top three benefits by 39% of respondents.

As to hopes for what strategic advantage the technology might bring to the front office, while speed again scored highly, it is notable that 25% of firms see the potential for risk reduction.

If demonstrable in its ability to reduce risk across firms, the implications of AI could reach to capital relief as they consume and require less economic and regulatory capital. This in turn, could boost profitability through reduced costs and improved margins, regardless of whether AI supports revenue growth or not.

Where does AI create the most strategic advantage in your front office?



However, caution is still high about AI deployment. There is a clear top three among concerns about the technology: that its models might deliver incorrect outputs (82%); that its use might lead to leakage of firms' own or clients' confidential data (46%); and that it will bring increased regulatory scrutiny (50%).

Firms know they must put proper guardrails around AI and they most commonly report governance structures that include model validation and testing (70%), permissioning controls (67%), and human approval requirements (63%). Under a third (30%) of firms say they have a dedicated AI risk committee.

Section 2

IN ASSOCIATION WITH

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Risk Limits and Upgrading Risk Management

In this special focus section, in partnership with KRM22, we take a deep-dive into trading limits and risk management. In particular, we look at how current execution operations are set up to deal with these functions and how much requirement there is across the industry for modernisation.

Re-examining client limits

Pre-trade risk limits are an execution function that are ripe for new technological efficiencies. It is not uncommon for banks and brokers to host unwieldy limits databases with no central control function and high levels of manual management.

At a higher level, trading limit calibration has been of interest to regulators since UK regulators issued a multimillion pound fine in 2024 for inadequate trading controls that failed to prevent a fat-finger incident at one firm. This sparked extensive internal reviews across execution desks, with many firms exploring capabilities in pre-trade risk analytics as a result.

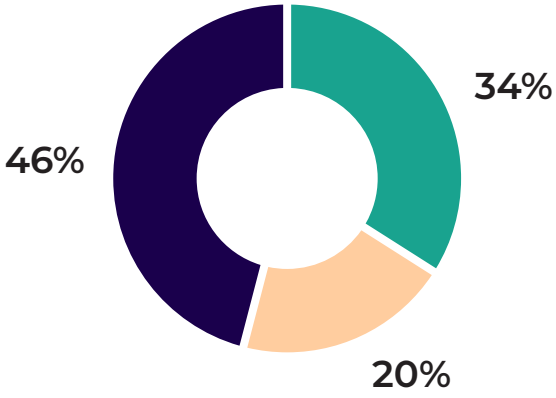
This compliance-driven trend has often coincided with commercial considerations, such as the need to fight for business from hedge funds with their own sophisticated risk calculations and arguments for higher trading limits.

Despite these recent pushes, manual models of data management still predominate in the pre-trade space. Fewer than half of surveyed firms have automated their data management processes for setting pre-trade limits for clients. Some 34% still use spreadsheets, while 20% rely on email and chat messages.

Network members have reported sprawling limits databases within their organisations, with huge numbers of unused lines that are not being used for refined client analytics and might even carry some risks.

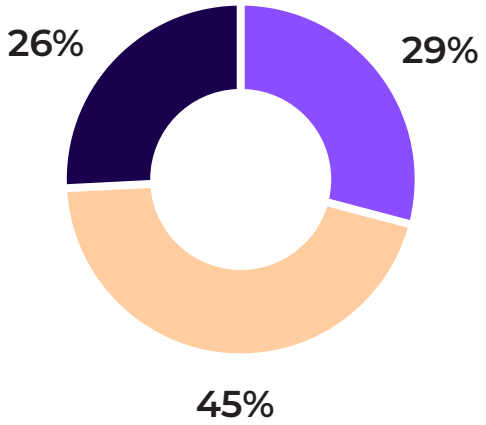
Added to this complexity is the often manual and ad hoc process of changing limits and even giving clients an answer as to why their limits are set the way they are.

What is your main model of data management for setting pre-trade risk limits at your firm?



Given this reported complexity, it is unsurprising that only a minority of the network have invested in consolidating limit management across asset classes. Near to a third had done so. However, recognition of the need to create efficiencies in this area is high and nearly half say that they are planning to do so.

Have you invested in consolidating limit management across asset classes?



Among those firms who had made the investment, none had been disappointed, while a quarter said it had driven significant efficiencies. Three quarters said that it had created some efficiencies but not resolved everything.

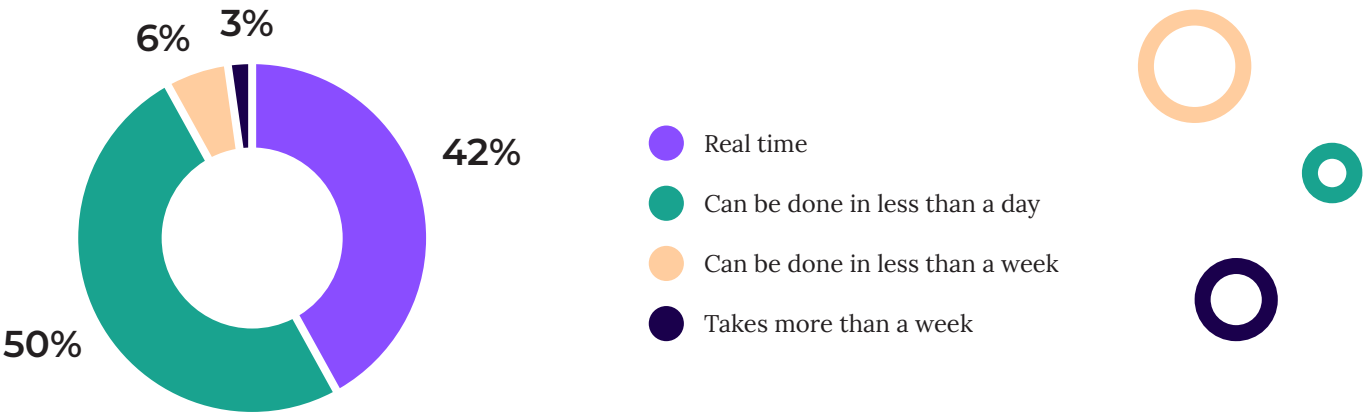
It should be noted that some network members have reported the constraints on limit management technology are often internal. This applies to situations where the firm is working with a third party for their limits platform and other departments that the execution desk has to work with, such as those with data security oversight, impose restrictions on what can be shared with the vendor.

Moving to real time limit management

The move to real time risk management has been underway on execution and clearing desks for some years now. While its sister function, limit management, is executed in real time by 42% of the network, most are unable to keep abreast of changes in creditworthiness, risk exposures and margin values at this pace.

Half of the network can do so in less than a day, with those that needed a week or more in a small minority. With intraday volatility high, pressure for greater real time functionality are only set to increase. Adding to the pressure is the increasing drumbeat for 24/7 trading, which is infiltrating TradFi markets from the native crypto sphere.

How quickly can you review, track and change pre-trade limits for each client in the wake of changes to their circumstances?

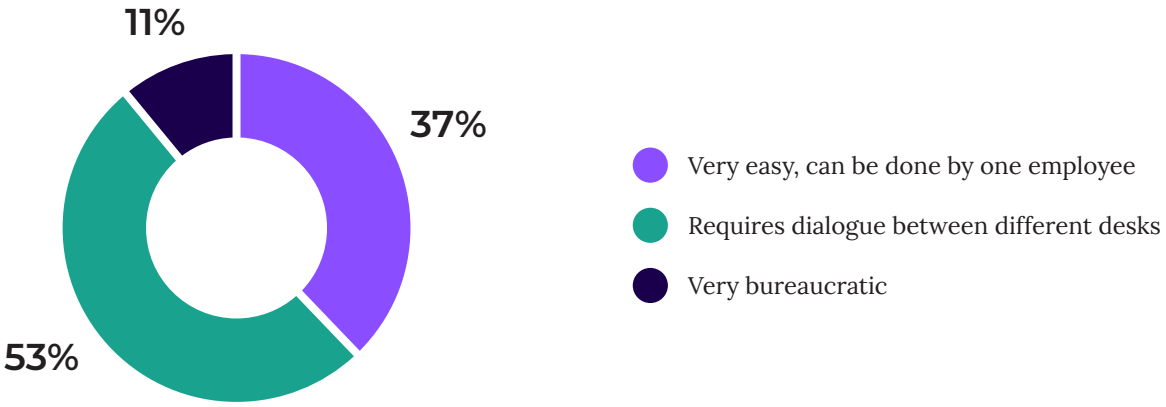


Weekend functionality for both limits and risk is a capability for a minority of the network. Sixty two percent of members say that their limit and risk management systems could not run automatically over the weekend.

While automation of limit and risk management over the weekend remains a minority function for now, greater integration of the two during the working week is becoming more desirable. Clients, especially those from the more demanding end of the buy-side, such as hedge funds, do not appreciate having new tighter limits enforced or having requests for higher limits turned down.

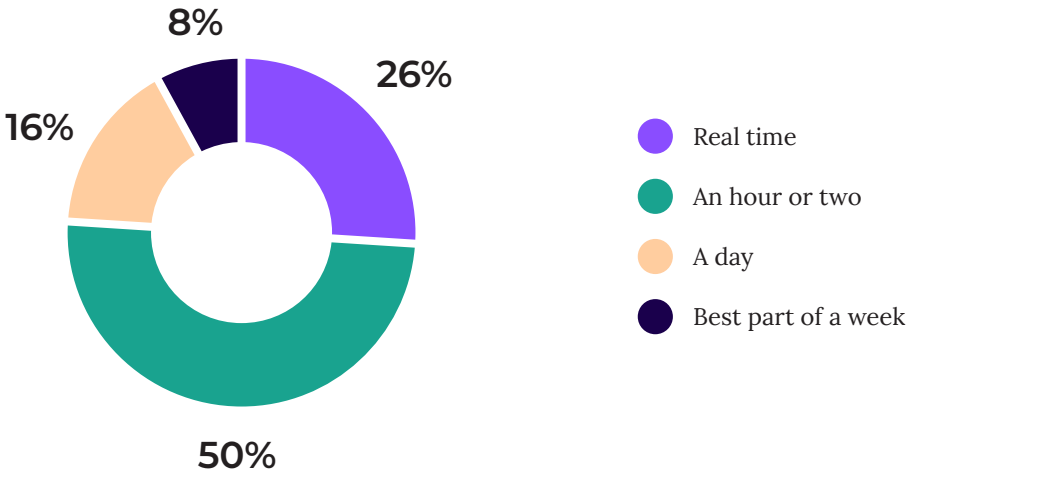
This makes speedy communication between limit and risk management platforms a key advantage for any sell-side firm. However, just 37% of the network said that viewing a client's risk details in light of their request for a limits change was easy and doable by one employee while just over half said that this was a task that required dialogue between different desks.

How easy is it for you to view risk details of a client when they request a change to their limits?



In the context of client interaction and the increasing speed at which it is conducted, it is also notable that half of the network said it typically took an hour or two to revert to a client following a limit change request. This is impressive within the multi-siloed set-up of banks in particular, with approval needed from multiple departments. However, it is also clear that momentum is pushing for even faster response time, with just over a quarter of network members able to respond in real time.

How long does it typically take you to revert to a client following a request to change their limits?



Integrating limit and risk management

Situations like this give rise to broader questions about the need for greater integration of limit and risk management functions.

Resetting client limits is not just a function of shifting volatility in the underlying markets they trade, their posted margin and collateral values, and clients' credit quality. Sell-side firms' own aggregate exposures to market risk, to clients, as well as their shifting risk appetites also come into play.

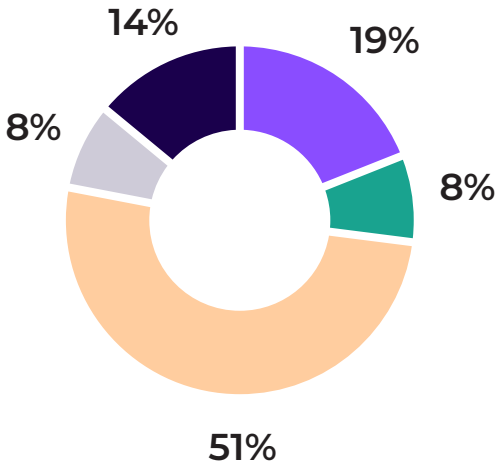
There is also the question of how much limit management can create risk in its own right. Network members have pointed to give up arrangements as a particular area where a lot of unused agreements sit in sell-side systems, creating potential liabilities for the firm.

Members have pointed to this as a focus for technologically driven efficiencies.

For most network members, the main benefit of a pre-trade limits platform informed by real-time risk appetite was better client service, reinforcing both the importance of these functions for the buy-side and the competitive advantage that can be gained from improving both.

Nineteen percent also saw the potential for reduced capital requirements. Notably, only 8% saw this as a potential driver for headcount efficiency, suggesting that technological improvement could free up staff time to improve analysis of more complicated cases or conduct higher value tasks.

If your pre-trade limits were dynamically informed by your real-time risk appetite, what would be the primary benefit to your firm?



- Reduced capital requirements
- Lower operational headcount for limit management
- Better client service through more accurate limit allocation
- Improved audit trail
- Enhanced regulatory confidence

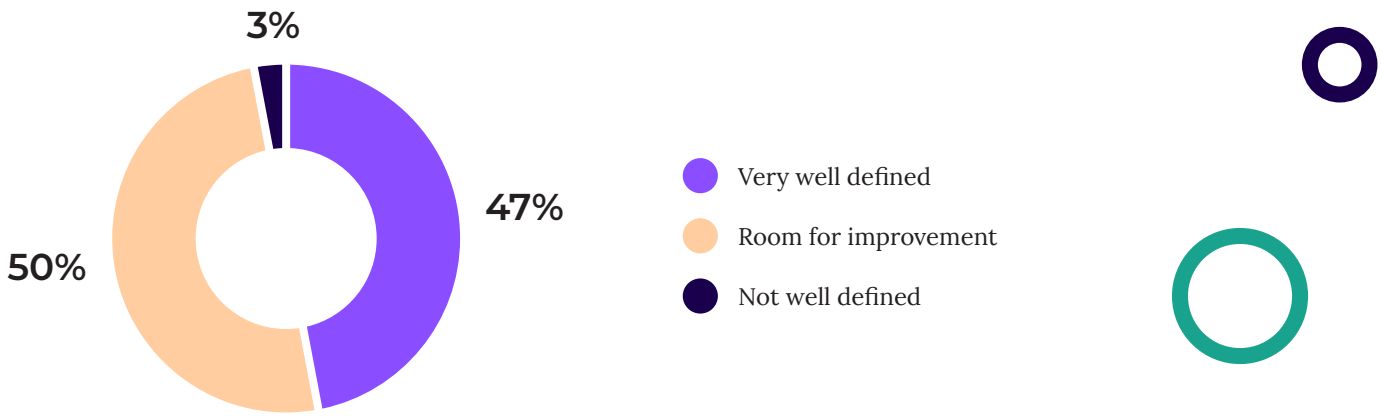
Risk management

Aside from the challenges with limit management already documented in this report, on a standalone basis, risk management also poses operational difficulties for firms. This is another current hot topic of debate amongst the network in as much as how it drives execution desk incentives up against risk departments.

An illustrative hypothetical example would be a hedge fund client seeing a fast money opportunity in a product where they have historically traded a low number of lots. Wanting to rapidly increase their activity in that product can quickly be stymied by risk departments wanting to analyse the directionality of the client's portfolio and stress test positions. Such tensions have led some to call for a more centralised and margin-based approach to calculating risk.

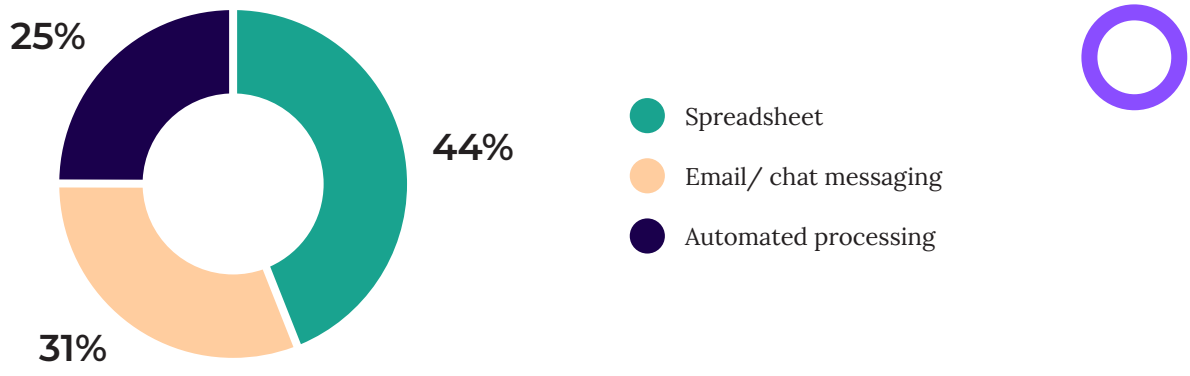
Half of the network thought that there was room for improvement in their firm's electronic trading risk management policies and how well-defined they are. This is an area where clarity and confidence are crucial if sell-side firms are to capture fast moving business.

How well defined and documented are your electronic trading risk management policies including client limits, product limit utilization, and give up risk?



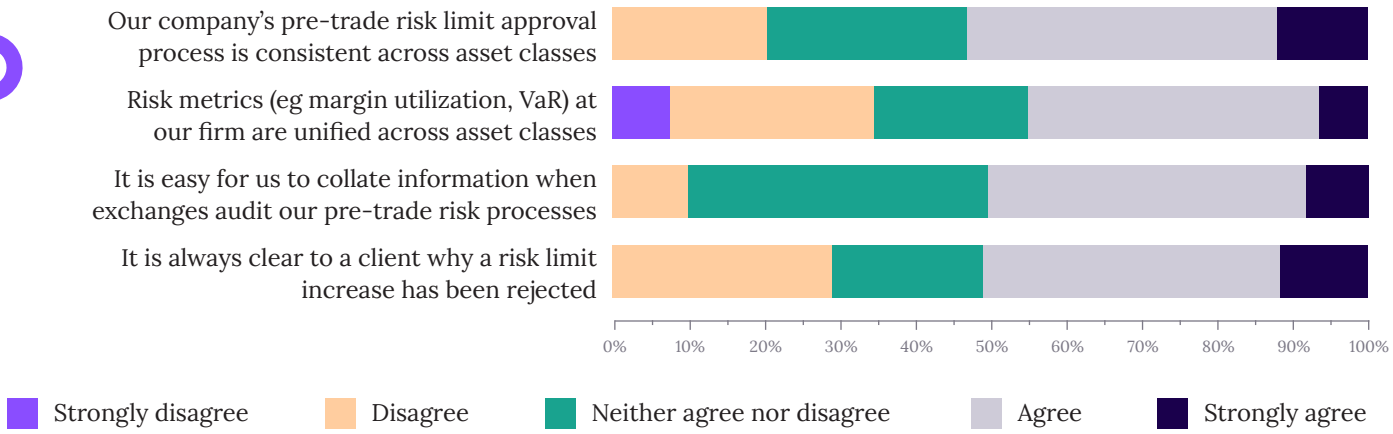
Risk remediation efforts are also a predominantly manual process. Only a quarter said that they had automated processes for risk remediation, while 44% used spreadsheets and 31% email or chat messaging.

How do you document risk remediation efforts?



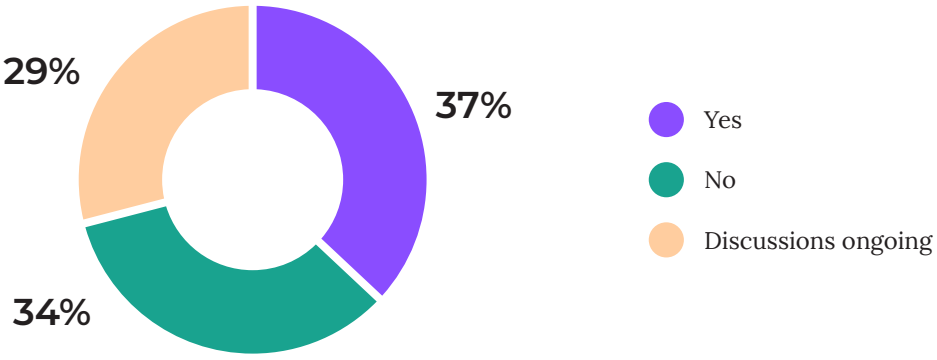
Overall, the assessment of limit approval and risk management across the network is one of the need for greater interoperability and clarity. A third of network members said that risk metrics were not unified across asset classes, while a quarter said it was not always clear to a client why a risk limit increase had been rejected.

Do you agree or disagree with the following statements:



Consolidation of execution risk and limit management is becoming a priority for execution desks. Thirty seven percent said they had an active project or budget allocated to this objective, while 29% said their firm was actively discussing it.

Does your firm have an active project or budget allocated to consolidating execution risk and limit management over the next 18 months?



Conclusion

It is clear that momentum is building towards a more consolidated limit and risk management infrastructure that execution desks can use. Those firms with no active interest in pursuing the goal are in a minority. Meanwhile, the fast and high-volume nature of modern markets is making the ability to assess and respond in real time ever more competitively important. On a broader level however, greater automation and efficiency in managing these functions are long overdue. As well as the ability to improve client interaction, firms also stand to clean up their own house in the process and reduce hidden risks.

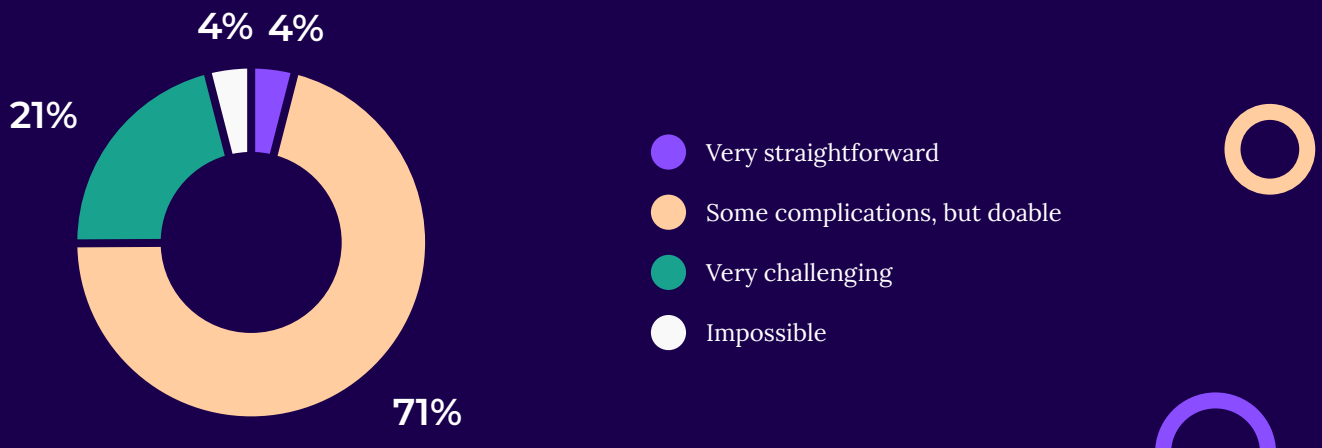
Hot topics

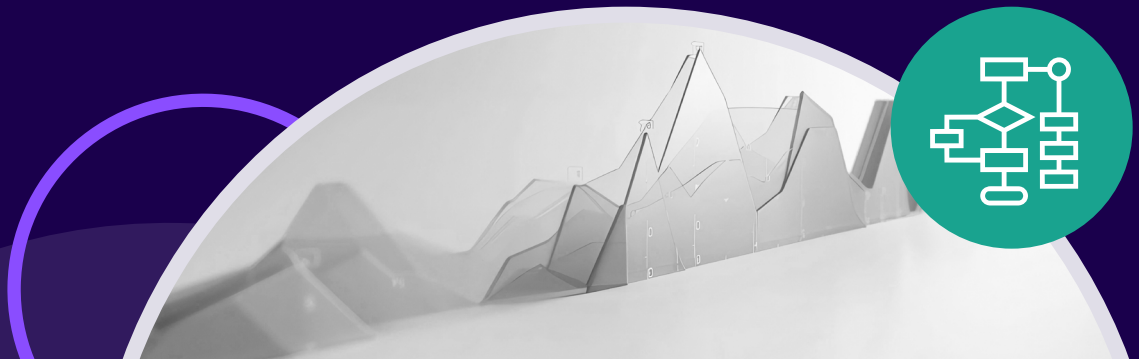
Testing client algos

Like sell-side firms, exchanges also need to keep on top of fast changing market data with a keen eye on risk management, as must their appointed central clearing counterparties. As electronic trading increases, the leading buyside algorithms are increasingly sophisticated, switching swiftly between passive liquidity provision to capture spread over to speedy and aggressive buying or selling in the same instruments across multiple venues.

Some exchanges have asked sell-side execution desks to test their clients' algos. It's hard to imagine the big high-frequency traders opening up the black boxes that make their money to such scrutiny. Only 4% of firms say that testing and validating client algos is straightforward, with a quarter saying it is either very challenging or downright impossible. For the 71% who describe it as complicated but doable, it may be for smaller clients.

How easy is it for you to comply with exchange's requests to test and validate client algorithms?





ATS IDs

Recently ICE has updated authorized trader identification requirements for operators of Automated Trading Systems, emphasising the registration of specific individuals that operate, administer and monitor ATS. While firms may employ teams of operators, they must maintain records of the identity of individuals operating ATS. Correctly tagging individuals in an increasingly automated trading world can be tricky. Firms are divided on this. While a narrow majority find adhering to these requirements either very easy or quite easy, 40% say it is very complicated while 7% describe it as impossible.

How easy is your firm finding it to adhere to ICE's ATS ID registration requirements?

Fire drills

If you are an exchange risk manager, it must be tempting to see the initial phases of a market convulsion as the best time to run a fire drill to test firms' preparedness for a deeper meltdown or the collapse of a major market participant. For most execution desks, reaching out to businesses being swamped with client orders and asking them to model simulation outcomes while live markets are shifting rapidly is not a favourite part of the job. Even in calmer market conditions, this is not a popular exercise and network members have reported confusion as to why they should be considered the first point of contact for these information requests by exchanges.

How much of a challenge do exchange fire drills pose to your desk?

Broadridge/CQG

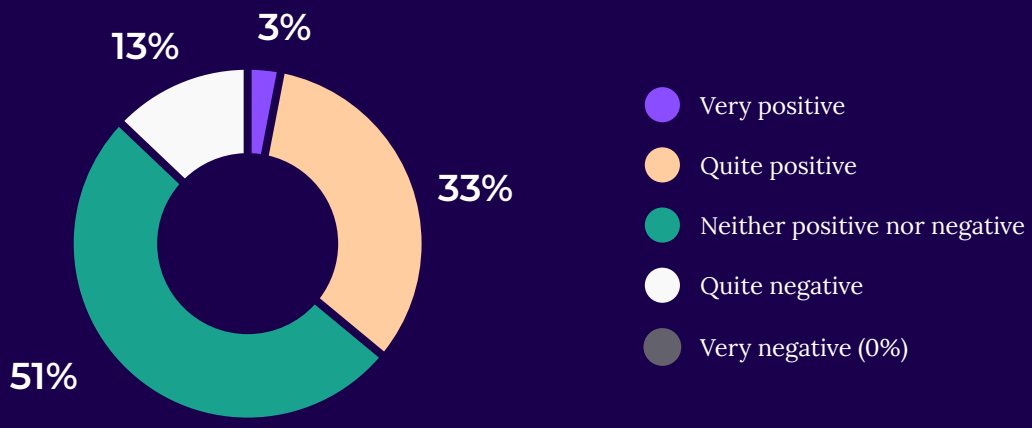
As this survey has shown, senior executives on execution desks hope new technology can better link pre-trade limit and risk management systems and bring greater real time analysis of market depth and quality. Linking disparate legacy systems is the theme.

In February, Broadridge a leading provider of order management systems, announced the acquisition of CQG, which serves the futures industry with execution management, analytics and connectivity technology. These are two leading providers to the expert network. Nearly half the network uses one or the other and almost a quarter use both. Only 28% use neither.

The deal holds out the promise of linking to one integrated platform with multiple capabilities rather than bridging between separate systems.

While no respondents were very negative on the deal, only 3% are very positive on the acquisition, with 13% of respondents negative on the deal. Another 33% are quite positive, while just over half of firms are neutral on the transaction. Over half of firms that were users of Broadridge but not CQG had a positive view of the deal with just 8% having a negative view. Users of CQG only were split with, 30% having a negative view but 40% viewing the deal positively.

How would you describe your view of Broadridge's acquisition of CQG?



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