DELTABLOCK

LIQUIDITY PROVIDERS FOR
THE NEXT GENERATION OF CAPITAL MARKETS
MISSION

To accelerate the world's transition to more democratic capital markets by improving the liquidity of less liquid stocks.

VISION

Create opportunities for listed companies to harness the full potential of capital markets.
LESS TRADED STOCKS RAISE DISTRESS

Liquidity has a great impact on the company behind the asset. **Mid-size firms suffer the most.**

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**Companies lose up to 40% of their market valuation**

The lack of balanced prices in the stock market generates trading executions below the reference price impacting in the valuation of the company.

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**Companies experience high volatility / Risk Perception**

The risk perception of the company grows independently from the company’s activity and real fundamentals, impacting in daily operations of the firm.

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**Companies lose visibility worldwide**

Market actors (particularly institutional actors) disregard assets with lower liquidity, reducing the visibility of the asset internationally.
DELTA BLOCK builds automatized trading processes (trading algorithms) able to boost the liquidity of listed companies by improving its key indicators (market quality); engaging traders, reducing the risk perception and enhancing the visibility of the company behind the asset.
1) DeltaBlock provides more market depth in the order book at different price levels, ensuring the market quality of the asset and avoiding unjustified price jumps.

2) DeltaBlock algorithm exchanges the asset strategically enough to boost its market quality (volatility, market depth, price resiliency, spread, etc.). As a result, the asset gains visibility and its trading volume grows.

3) DeltaBlock algorithms are specifically designed to maximize the traded volume of an asset in secondary markets, minimizing loses. Our technology manages to optimize the asset’s market conditions even under extreme regimes, growing its liquidity consistently in time.

TRANSFORMING A LESS LIQUID ASSET INTO A TRADEABLE ONE (EXAMPLE)
DELTABLOCK PUTS LISTED COMPANIES ON THE RADAR OF TRADERS AROUND THE WORLD
DeltaBlock transforms illiquid assets into tradeable ones.

Tech enabled solution able to enhance sustainably the liquidity in secondary markets

DeltaBlock helps mid-size exchange-listed companies gain visibility in the stock market. We use trading algorithms to improve the market quality of the asset (improving volatility, market depth, price resiliency, etc.), engaging traders, reducing the trading friction & risk perception, and enhancing the visibility of the company behind the asset.

Currently operating in:

[Logos for Euronext and SGX]
**Main use case:** Companies who have issued any asset listed in a regulated trading facility and can be exchanged through an order book.

**Secondary use case:** Actors interested in expanding their stock universe and reducing the liquidity risk of their own or their clients' portfolio; reducing risks in operations such as share pledges and other operations.

**Secondary use case:** Regulated trading facilities willing to improve market conditions for their participants.
**Liquidity contracts**: an European solution to the shortage of liquidity in capital markets. Through the use of a liquidity agreement, a financial intermediary (DeltaBlock) is thus entrusted with a certain amount of resources (“inventory”) and is responsible for using them for the purpose of taking a long or/and short position on the market improving its market conditions and overall liquidity.

**MONTHLY SUBSCRIPTION**

Starting from **2.000 EUR**

**INVENTORY REQUIREMENTS**

Starting from **20.000 EUR a year**

*Quarterly/Semi-annually/annually resources allocation to the service. Size depending on desired impact and market conditions of the asset.*
LIQUIDITY AGREEMENTS

The purpose of a liquidity agreement is to provide market liquidity, for a given security (listed in an accepted trading venue, MTF or exchange), ensure that its price remains stable and avoid price mismatches that are not in line with market trends. Through the use of a liquidity agreement, a financial intermediary (DeltaBlock) is thus entrusted with a certain number of shares and cash and is responsible for using them for the purpose of taking a long or/and short position on the market in order to, depending on what the needs are, provide market liquidity and thereby reduce, or even avoid, the price mismatches that may result from the imbalance created by the non-simultaneous presence of buyers and sellers.

AMAFI Standard Liquidity Agreement – Drafting Note (February 11th 2019). Available at: http://www.amafi.fr/download/pages/YrNylyKvhXWJUpxwq1ao1UqNy1Hkbi29kngCGqVylA.pdf

DeltaBlock uses fast reacting-trading algorithms to strategically execute operations in a regulated exchange, using resources provided by the listed firm.
Nowadays Liquidity contracts are an agreement among corporates, where assets are not committed to grow the liquidity but rather to hit deterministic milestones (x trades a day, x volumes a day). Moreover most liquidity providers focus on bigger companies with deeper pockets since they mostly provide a variety of services all together and liquidity contracts are not their primary focus.

Quantitative research here: https://docsend.com/view/6uwrh6nrc9g6qce4
2X MORE LIQUIDITY THAN THE BEST-PERFORMING ALTERNATIVE

USING LESS THAN 10% OF THE INVENTORY REQUIRED BY THE BEST ALTERNATIVE
World Market
DeltaBlock can provide the service to all listed assets traded in a regulated exchange with a visible order book. Considering one year average fee:
World Equity: 6.3 Bn € in yearly fees
World Corp. debt: 29 Bn € in yearly fees
World Derivatives: 3 Bn € in yearly fees
World listed alternative assets: 1Bn € in yearly fees
Quantitative Research. Available at: https://docsend.com/view/8jgnchv3jxa6ceiw

DeltaBlock Focus
DeltaBlock focuses on mid-size stocks listed in Asia and Western Europe, which concentrates around 45% of the listed companies worldwide.
DeltaBlock Market Focus: 2.9 Bn € in yearly fees.
CURRENT TRENDS in capital markets make liquidity shortage more challenging than ever

A shortage in European and Asian markets is expected in the Upcoming years

*The COVID-19 shock has generated a spike in volatility which has deteriorated liquidity significantly. Healthy assets are now struggling with lack of liquidity.

**Liquidity Fragmentation**

Assets are currently listed in multiple exchanges, which distributes the liquidity among multiple venues making it hard to source liquidity.

**Smaller Capitalization**

Smaller companies (SMEs) are frequently listed in trading venues. It becomes hard to find counterparts at a given price as less shares are outstanding/available in the market.

**Changing Regulations**

Basel III and MiFID II regulations constrain Banks (main liquidity providers) in their ability to provide liquidity due to capital adequacy requirements. Equivalent measures are taken in Asian markets.
Companies in the small and mid cap space have experienced an improvement in the average daily volume of at least 25% (and up to 76%) after three months of activity.

Companies listed in SGX & Euronext Paris have experienced a reduction of the volatility registered (up to 40%) and a diminution of the price impact generated by bigger operations by more than 17%. Ensuring the tradability of the asset at all times.
Harness the Full Potential of Capital Markets

Improve the market quality of your stock

- Improve the main market metrics and avoid an unfairly low valuation;
- Engaging market actors and boosting the traded volume.

Reduce the volatility of your asset

- Reduce the risk perception of your company and improve your relative position in the market.

Boost your visibility

- Improve your overall market conditions and get in the radar of market actors around the world.
She has 10 year experience in capital markets. Former trader & Portfolio Manager specialized in illiquid markets among which Frontier and Emerging Markets in Latin-American has been her main focus. She has worked in lead firms such as J. P. Morgan, she is a Financial Engineer and holds a MSc in Finance.

During his PhD in Sorbonne University (Paris 1) he has worked on liquidity modeling. He has stood out as a quant modeller in top institutions in France, such as La Banque Postale. He has been involved in the Fintech sector for years and is a respected research fellow at Cambridge University.

Operations & Growth Hacker in Europe, Asia and Africa for over 25 years in the fields of FinTech/DeepTech. Justin built businesses Founder Owner/Operators and Private Equity houses such as Goldman and Blackstone. He focuses on Growth, Operations and Funding as a member of the Board of multiple ventures.

An experienced team dedicated to the liquidity growth of your asset and continuous monitoring of your market.
CUTTING EDGE RESEARCH IN LIQUIDITY MODELLING

DeltaBlock’s advantage

RESEARCH

DeltaBlock has been founded in 2019 after Hamza El Khalloufi (CTO & Co-Founder) PhD. Research in financial mathematics. He developed a fusion of stochastic calculus, optimal control and general optimization applied to a barely defined component of capital markets: Liquidity.

Thanks to this innovative research, DeltaBlock got two of the main distinctions in the deep tech space in France.

We are committed continue to enlarge our advantage in the future.

DeltaBlock has received the **deeptech distinction** by the Banque Publique d'Investissement (France).

DeltaBlock has received the **tech innovative acknowledgement** by La French Tech.

DeltaBlock has been selected as one of the 40 more promising companies in Station F.

DeltaBlock has received the **TradeTech prize to the most innovative start-up** in 2019.

DeltaBlock has received the label as an **innovative and strategic** start-up in the French fintech space.
Accurate microstructure modelling of less liquid assets and the usage of real time simulation environments for achieving highly realistic results.

Research leveraged to improve the liquidity in the stock market. Targets:

→ Achieving higher impact on liquidity variables

→ Lesser losses and lower inventory requirements (capital).

→ Highly fine-tuned algorithms

Market behavior data gathering will give us insights that will put us at the front of the industry knowledge.
Harness the full potential of capital markets. Improve the liquidity of your asset and build trust around your company.
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