

The Rise of Active ETFs in Europe: Implications for Fund Operations and Liquidity



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Q&A with Henry Glynn, Head of ETF Capital Markets & Distribution – Waystone ETFs

Passive ETFs still dominate in Europe, but the centre of gravity is shifting. Active ETFs have moved from a side note to the mainstream for boards, CIOs and distribution leaders. The numbers bear it out: over the past five years, assets in active UCITS ETFs have risen by about 385%, bringing end-2024 net assets to nearly five times their 2019 level¹. We spoke with Henry Glynn, Head of ETF Capital Markets & Distribution at Waystone ETFs, about what's driving this rise and what it means for fund operations and liquidity.

Q: What's really driving the rise of active ETFs in Europe right now?

Henry: Three forces are driving the rise: First, investor demand for differentiated strategies inside the ETF space. Second, the maturity of the distribution channels, including digital platforms and ETF savings plans that have normalised ETFs for a new generation of investors. Third, global momentum, especially from the US, has spilled over, encouraging European asset managers to innovate and investors to explore beyond index trackers and smart beta strategies.

Q: Why would investors choose an active ETF over a passive ETF?

Henry: Globally, active ETFs have taken a rising share of new launches and net flows as allocators look beyond pure beta. Active ETFs combine the transparency, cost efficiency and tradability of the ETF wrapper with the potential for alpha generation through active management. Unlike passive ETFs, which track an index, active ETFs allow portfolio managers to adapt to market conditions, seek out mispriced opportunities and apply risk management strategies that could outperform benchmarks.

Q: Do active ETFs offer the same level of liquidity as passive ETFs?

Henry: In practice, yes: Liquidity in any ETF comes from the creation/redemption mechanism and the liquidity of the underlying assets. Active ETFs can trade efficiently with tight spreads, just as passive ETFs do. The key is capital-markets readiness: the manager needs the right market-maker coverage and clear dealing mechanics at launch.

Q: How important are digital platforms and savings plans in this story?

Henry: Very. The neo-broker and ETF savings-plan boom has broadened access, particularly in Germany and made ETFs the default vehicle for many younger, digitally native savers. That infrastructure initially benefited passive ETFs, but active ETFs are now riding the same distribution rails.

Q: Where are managers launching and why is Ireland so prominent?

Henry: Ireland is the dominant domicile for UCITS ETFs: Around 70–75% of European ETF assets are Irish-domiciled² thanks to its ecosystem, regulatory expertise and treaty network. Luxembourg remains important too and competition between domiciles is raising standards (including semi-transparent models). A good example and one of the more striking developments, is CLO ETFs, which highlights the market's appetite for specialised yet liquid credit exposures.

Q: Are more global firms entering Europe with active ETFs?

Henry: Yes. Over the last two years a broad roster of global houses has either launched active ETFs in Europe or announced plans to do so, reflecting mainstream adoption of the format for fixed income and equities alike.

Q: Are active ETFs harder to set up operationally than passive?

Henry: The fundamentals are largely the same. What matters for investors is market quality. If the underlying assets are liquid, the operating playbook is straight forward. The real difference isn't "active vs passive"; it's how well the capital-markets plumbing is engineered.

Q: What role does Waystone play in enabling UCITS ETF launches?

Henry: Waystone is an enabler of efficient market entry for UCITS ETFs. We support managers entering the ETF space via white-label and standalone solutions (Ireland and Luxembourg), bring AP/MM relationships and templated agreements to accelerate onboarding and help align distribution and capital markets from day one.

Q: What is your 24-month outlook for active ETFs in Europe?

Henry: I expect active ETFs to cement their place in mainstream portfolios. As distribution deepens through model portfolios, advisers and savings plans, active ETFs should take a larger share of new launches and flows,

For issuers, the playbook doesn't change: engineer market quality first. Get the capital-markets plumbing right and spreads stay tight, trading stays orderly and investors get the experience they expect across cycles. The most important ingredient for success is distribution, identifying core markets and attacking them with the right marketing and sales focus. This is the biggest challenge for traditional active managers entering the ETF market and crucial to success.

Learn more

Waystone ETFs is an institutional ETF platform operator with over 20 years of asset-management experience, offering a comprehensive suite of fund-hosting capabilities. Our dedicated ETF team in London, Dublin, Geneva and Frankfurt brings specialised ETF expertise, access to digital channels and long-standing relationships across the global investment community, using open-architecture solutions to take ETFs from seed to success.

If you have any questions or would like to sign-up to receive our communications, please contact your usual Waystone representative via the below.

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^[1] www.efama.org/sites/default/files/files/efama-industry-perspective_active-etfs_april-2025.pdf

^[2] www.irishfunds.ie/news-knowledge/news/new-irish-funds-guide-why-ireland-for-exchange-traded-funds/