EXECUTION · OTC · EXCHANGE ORDER BOOKS

OTC vs Exchange: How Institutions Execute Large Crypto Trades

Large crypto trades are not just a pricing decision. They are an execution design decision. For institutions, the real question is not only where the trade happens, but how liquidity, market impact, custody, settlement and operational controls work together.

This page is a practical reference for teams evaluating OTC desks versus exchange order book execution. The focus is not trading preference. The focus is execution quality, workflow control and institutional readiness.

> Practical framing: If liquidity access, settlement, custody and control requirements are not aligned, execution may look efficient on price but weak as an institutional operating process.

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1) Execution design: why the venue decision matters

This block answers: Is OTC or exchange execution only a price question?

The choice between OTC and exchange execution should not be reduced to quoted price alone. Institutions also need to understand how liquidity is sourced, how order size affects the market, how settlement is handled and how post-trade controls fit the operating workflow.

This topic sits within the broader question of institutional crypto execution, where trading venue choice, liquidity access, custody setup and settlement design need to work together.

- Separate headline price from full execution quality
- Evaluate liquidity depth, slippage and market impact
- Connect execution choice with settlement, custody and internal control requirements

Related resources

Institutional Crypto Execution

TR: Kurumsal Kripto Islem & Piyasa Yapisi

2) Liquidity access: visible order books vs negotiated liquidity

This block answers: Where does liquidity actually come from?

Exchange order books provide visible market depth, but large institutional orders can still create slippage or signal intent to the market. OTC desks may offer negotiated execution, but the institution must understand how the desk sources liquidity, prices risk and manages execution transparency.

- Assess whether displayed order book depth is enough for the intended trade size
- Evaluate how OTC pricing, spreads and execution windows are determined

- Understand whether liquidity access creates hidden concentration or counterparty exposure

Related resources

The Convergence Layer: Banks and Exchanges

Custody vs Trading: What Will Banks Actually Offer?

3) Settlement design: execution does not end at the trade

This block answers: What happens after the price is agreed?

Settlement can be the real source of operational risk in large crypto trades. Institutions need to understand when assets move, when funds move, which party performs first, how exceptions are handled and whether settlement logic fits internal approval and reporting processes.

The same applies to settlement design, especially when institutions need to balance speed, transparency, counterparty risk and operational control.

- Map the movement of funds and assets before execution
- Clarify settlement timing, finality assumptions and exception handling
- Check whether the post-trade workflow is visible to finance, operations and risk teams

Related resources

Permissioned vs Public Settlement

Stablecoins & Settlement Rails

4) Custody and control: who can move the assets?

This block answers: How does execution connect to custody control?

For larger institutional trades, execution quality also depends on how custody models, transfer authority and post-trade control responsibilities are structured.

A trade may be well executed from a pricing perspective, but still create operational weakness if asset movement, approval rights, wallet controls, counterparty settlement and exception handling are not clearly governed.

- Clarify whether assets sit with an exchange, custodian, bank, trust company or internal wallet structure
- Define who can approve, initiate and confirm asset movement
- Align execution workflow with custody, transfer authority and recovery procedures

Related resources

Custody Models: Bank, Trust Company or Crypto Custodian

Custody vs Trading: What Will Banks Actually Offer?

5) Governance and reporting: making execution institution-ready

This block answers: When is a trade process ready for institutional use?

OTC and exchange execution both require governance if the activity is expected to scale beyond a one-off trade. Institutions need pre-trade approval, execution records, counterparty review, settlement evidence, custody visibility and reporting discipline.

- Define the approval path before execution
- Capture execution, settlement and custody evidence in a usable format
- Make the workflow repeatable across finance, operations, risk and compliance teams

Related resources

Licensing & Regulation Hub

RWA & Tokenization Hub

ETFs & Market Access Hub

Supporting resources

Use these pages for broader context around execution, custody and settlement architecture.

Institutional crypto execution hub

Custody models across banks, trusts and crypto custodians

Permissioned vs public settlement