

Listed option markets

Comparison Asia versus Europe
and US

Why do the regions differ

1. investors will stick to used products and do not experiment
example: KOSPI, investors only had one product at the beginning and got almost conditioned to it, introduction of stock options generated no interest
2. Investors prefer to trade listed options on fairly priced and simple underlying products
ETFs in the US trade very close to NAV
ETFs in Asia (example 2823 FTSE China A50 Index ETF) trade at large premiums
multiple ETFs on same index in Europe
3. Index vs ETF option volume
ETF settle into physical vs cash settled index options

US option volume

2010 according to OCC

Equity options 2.4 billion 61.5%

ETF options 1.2 billion 31%

Index options 0.29 billion 7.5%

Eurex Option volume

2010 according to Eurex

Equity options 511 million 38.82 %

Index options 805 million 61.16 %

ETF options 0.142 million 0.02 %

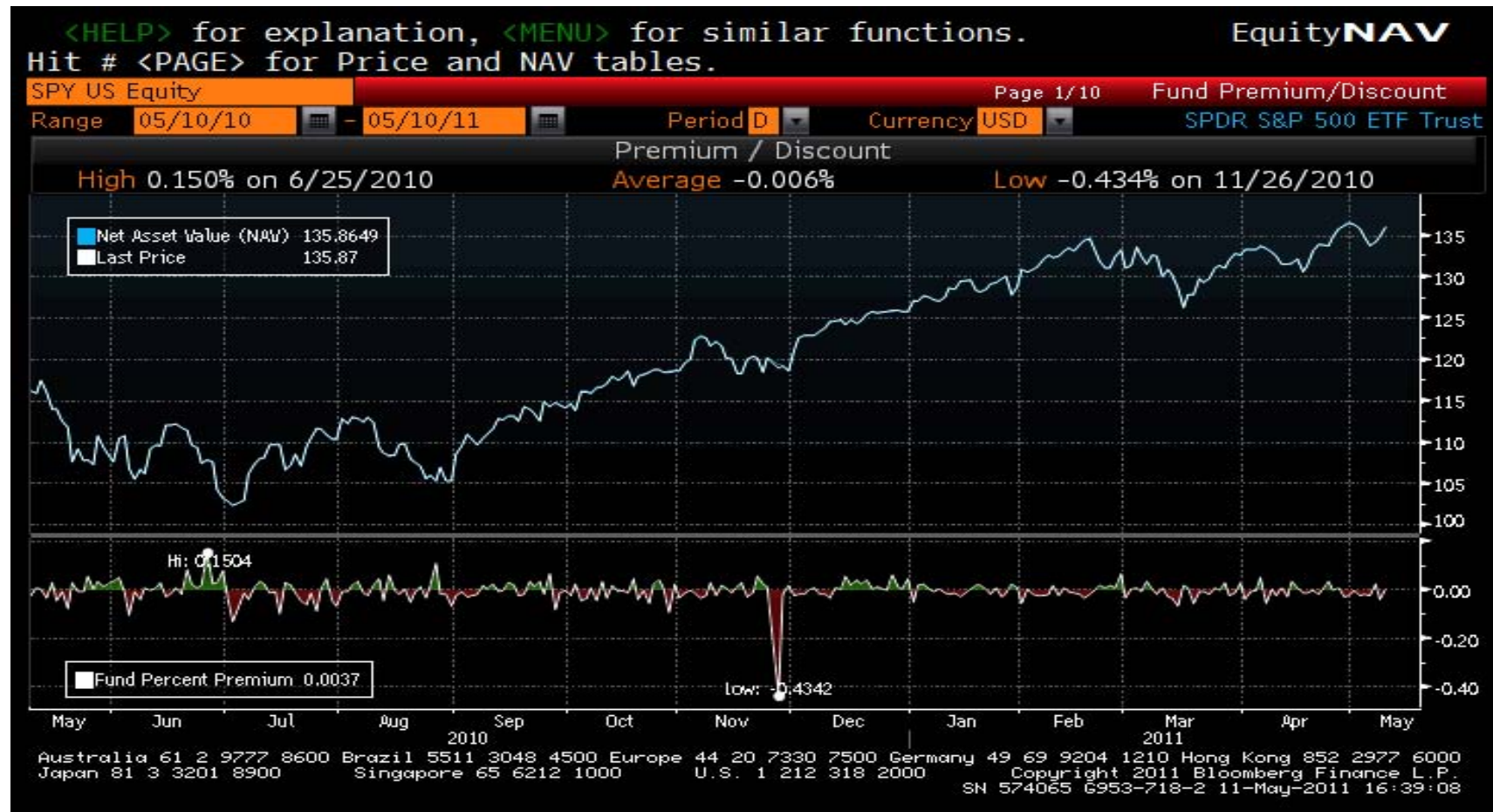
HK option volume

2010 according to HKSE

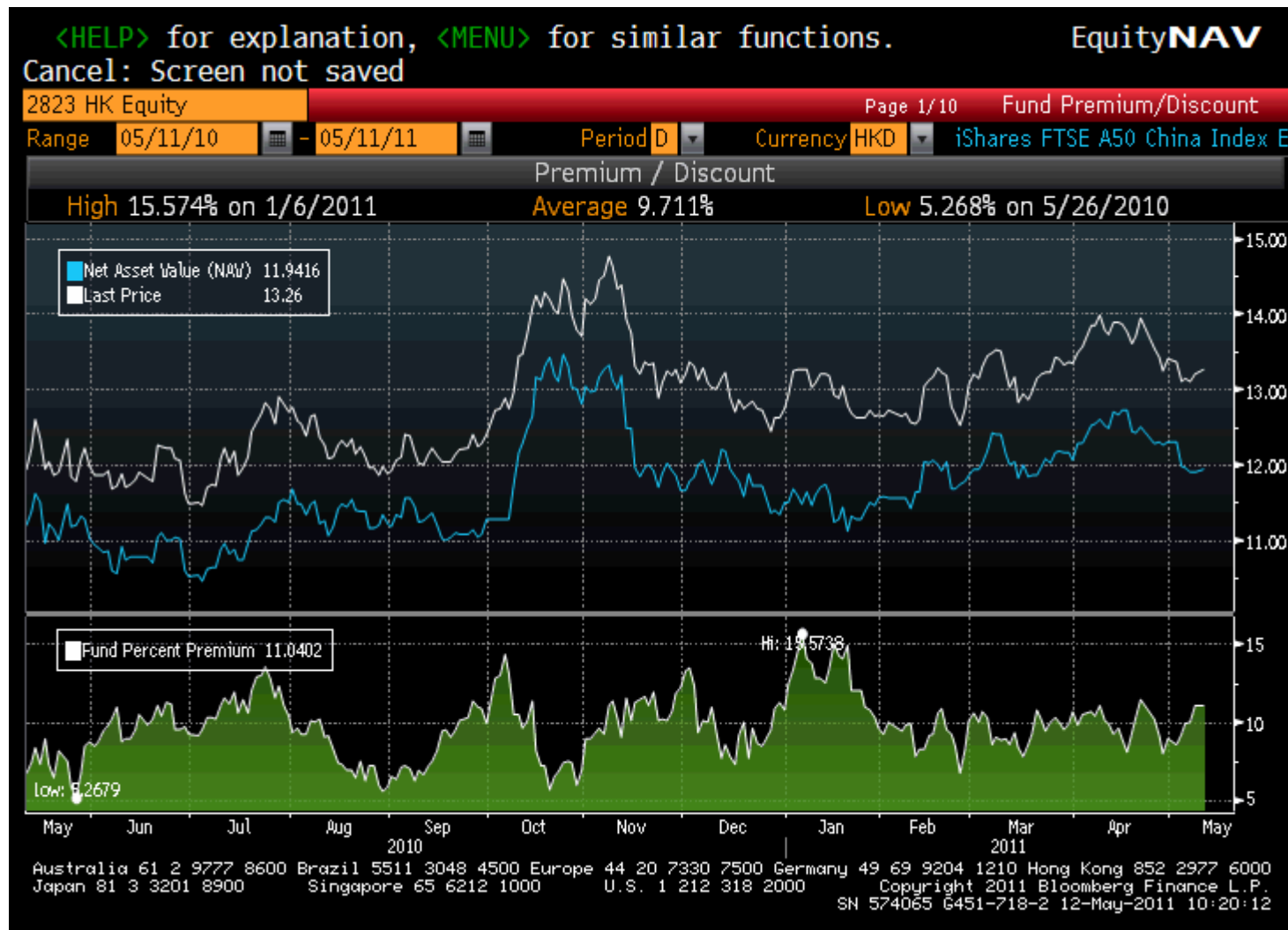
Equity options	60.6 million	83.0%
Index options	11.9 million	16.3%
ETF options	0.5 million	0.7%

SPDR S&P 500 ETF

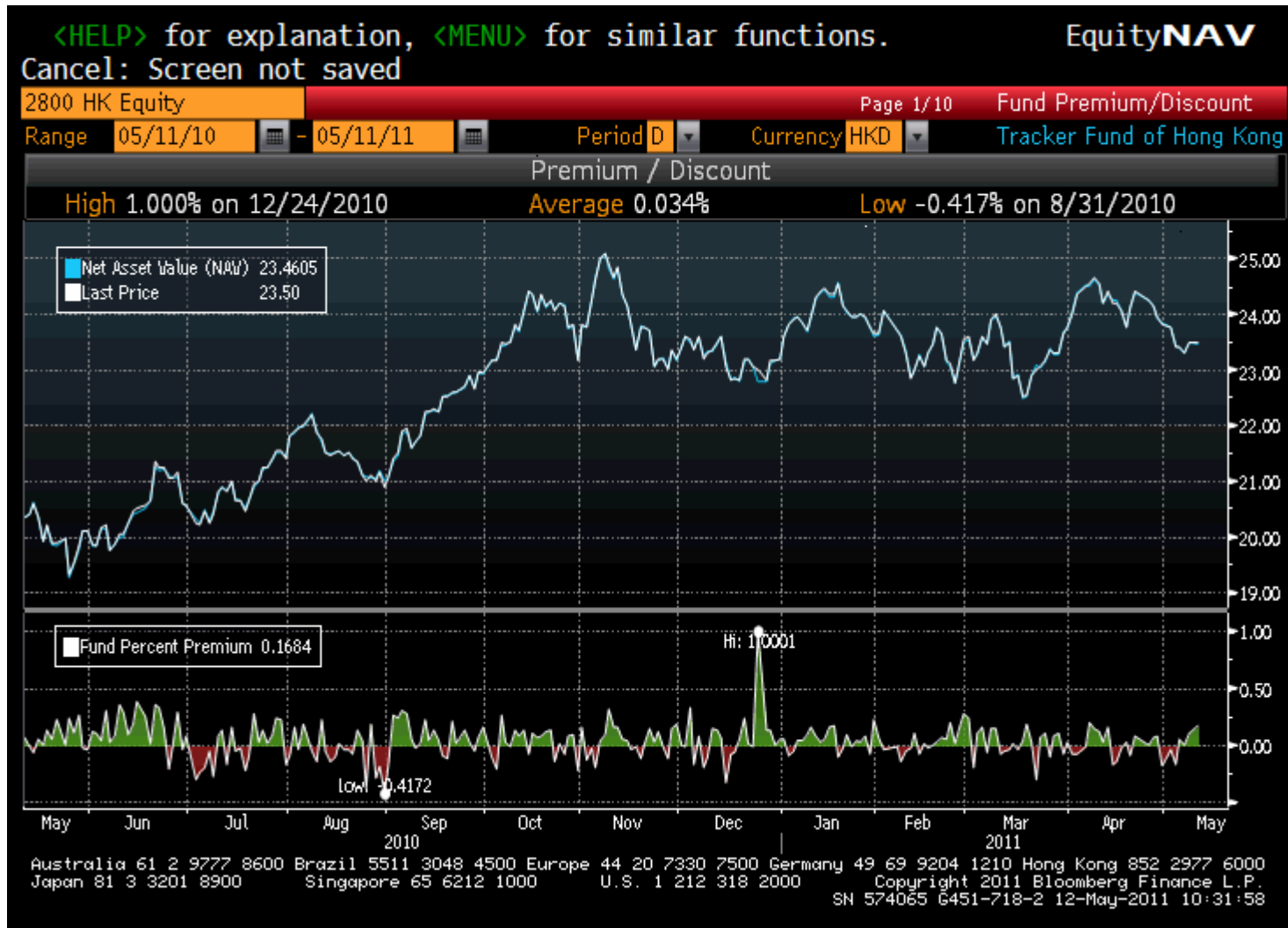
Premium/Discount



2823 ISHARES FTSE A50 CHINA INDEX ETF



2800 Tracker Fund



How to get investors trading

1. for ETF options:

liquid underlying and ETF priced near NAV

2. Large range of underlying markets available

3. reasonable contract size

4. liquid option markets using market makers