

INDEX ETFs, OPTIONS AND FUTURES – MYTHS VS. FACTS

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Index ETFs, Options and Futures – Myths vs. Facts

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28 Jan 2021

HKEX
香港交易所

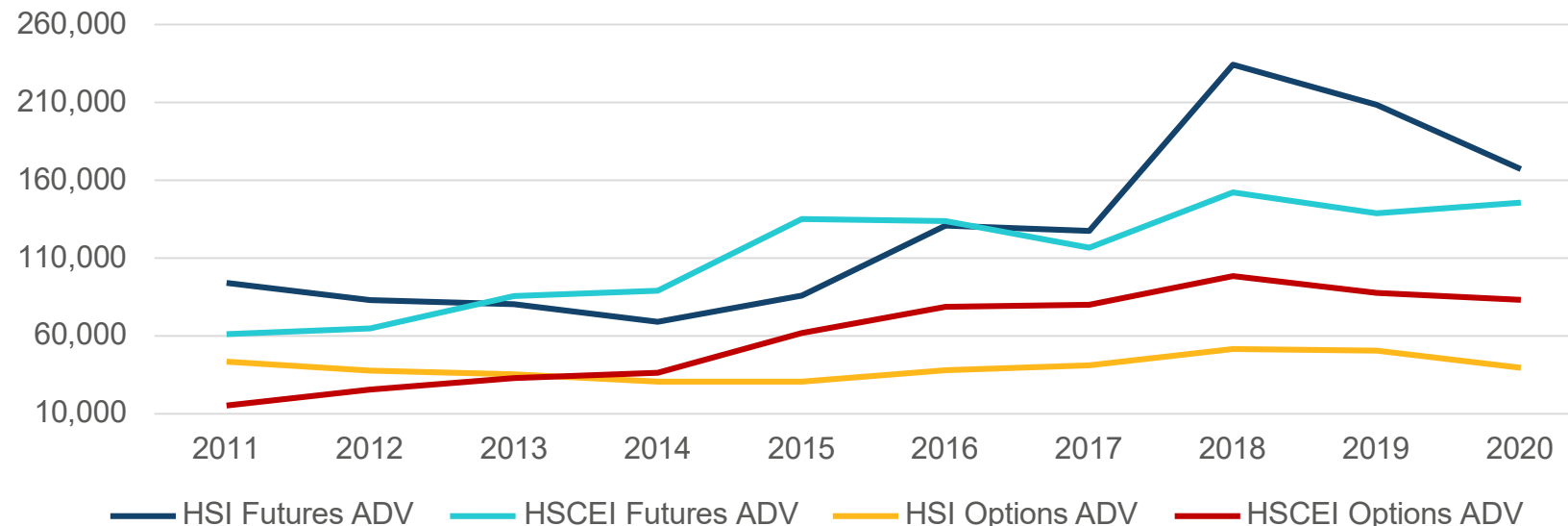
Comparison of Index Futures and Options

	Index Futures	Index Options (Long position)	Index Options (Short position)
Right / Obligation	Obligation	Right	Obligation
Payout	Linear payout	Non-linear	Fixed
Risk parameters	Delta	Delta/Gamma/Vega/Theta/Rho	
Potential profit / loss	Unlimited upside / downside	Unlimited upside and limited loss	Limited upside and unlimited loss
Capital requirement	Post Margin	Pay Premium	Post Margin
Applications	Directional exposure Cash equitization Cash / Futures arbitrage	Directional exposure Gamma scalping Long Volatility	(Indirect directional exposure) Short Volatility Earning time decay
Benefits over cash alternatives	<ul style="list-style-type: none"> • Less capital commitment by posting margin • Leverage trading 	<ul style="list-style-type: none"> • Leverage trading • Limited loss 	<ul style="list-style-type: none"> • Generate yield under low volatility market



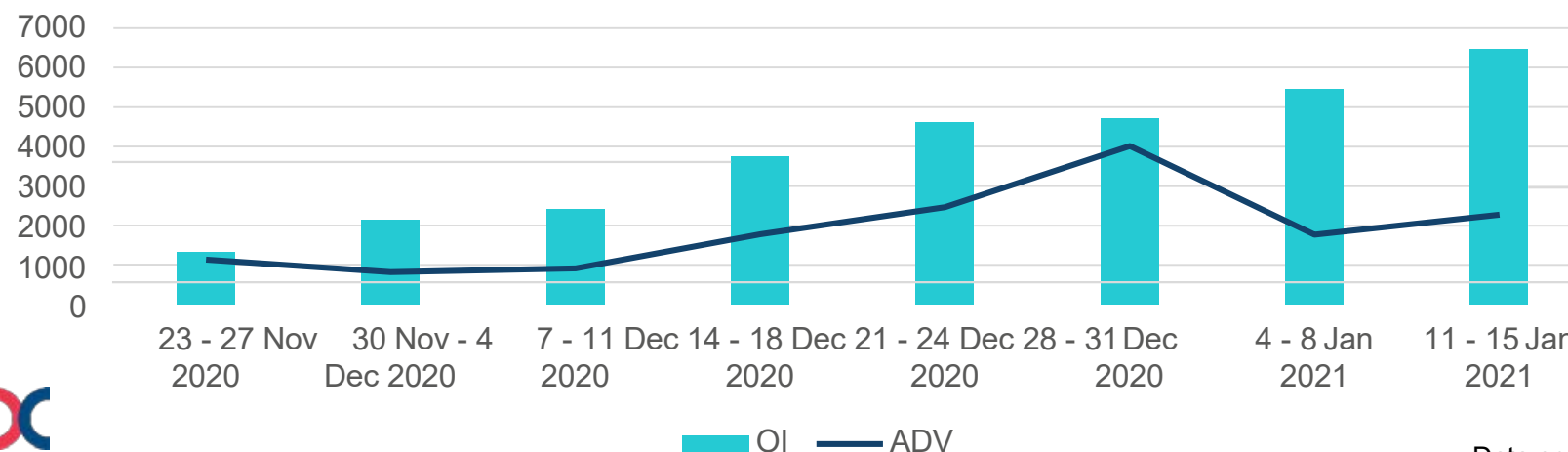
Highlight of flagship and new index products on HKEX

Average Daily Volume (ADV) of flagship derivatives trading on HKEX*



- Tremendous growth of ADV of HSI Futures and HSCEI Futures and Options in past 10 years
- Highest ADV in 2018
- 78% , 138% and 442% surge in ADV of HSI Futures, HSCEI Futures and HSCEI Options respectively when compared to 2011

ADV and Open Interest (OI) of HSTECH Futures^



- HKEX launched Hang Seng TECH Index (HSTECH) Futures on 23 Nov 2020
- Weekly ADV doubled since launch
- OI grew from 1000 level to 6000 level
- HSTECH Options was launched on 18 Jan 2021



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PANEL DISCUSSION

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THANK YOU

