

## Equities & Derivatives

### EXPLOSIVE GROWTH FOR DERIVATIVES MARKETS

The derivatives market is growing faster than the stock market. Based on the value of the underlying securities, it is already larger than the stock market. The advent of electronic trading for stocks has driven this explosive growth. Faster fills for larger volumes of stocks allow options traders (and their computers) to implement new strategies and offset greater options positions through hedging the underlying securities.

### MERGERS CREATE EFFICIENCIES AND INCREASE VALUE

Securities exchanges derive their value from the economies in which they operate and they tend to perform best when they focus on the geographical region in which they are located. As a result, their value increases sharply when regional equities and derivatives markets are merged into one entity. The merged entity now offers a full line of products at a lower cost, providing significant benefits to the capital markets of that country or region.

### PROFIT FROM GROWTH, REDUCED RISK

Exchanges are the central medium of capital flow in any developed economy. We have found that owning an exchange is a highly effective way to profit from the growth of strong economies while reducing the risk associated with individual stocks or industries within those economies. For example, through our investments in the Hong Kong Stock Exchange and the Bombay Stock Exchange we have been able to reap the rewards of the growing economies of China and India, without attempting to guess which companies or industries will outperform in those economies.