



DOWNLOAD



Finance and Economics Discussion Series: Regulatory Competition and the Efficiency of Alternative Derivative Product Margining Systems

By Paul H Kupiec, A Patricia White

Bibliogov, United States, 2013. Paperback. Book Condition: New. 246 x 189 mm. Language: English . Brand New Book ***** Print on Demand *****.Although margin requirements would arise naturally in the context of unregulated trading of clearinghouse-guaranteed derivative contracts, the margin requirements on U.S. exchange-traded derivative products are subject to government regulatory oversight. At present, two alternative methodologies are used for margining exchange-traded derivative contracts. Customer positions in securities and securities options are margined using a strategy-based approach. Futures, futures-options, and securities-option clearinghouse margins are set using a portfolio margining system. This study evaluates the relative efficiency of these alternative margining techniques using data on SP500 futures-option contracts traded on the Chicago Mercantile Exchange. The results indicate that the portfolio margining approach is a much more efficient system for collateralizing the one-day risk exposures of equity derivative portfolios. Given the overwhelming efficiency advantage of the portfolio approach, the simultaneous existence of these alternative margining methods is somewhat puzzling. It is argued that the co-existence of these systems can in part be explained in the context of Kane s (1984) model of regulatory competition. The efficiency comparison also provides insight into other industry and regulatory issues including the design of bilateral

Reviews

This composed pdf is fantastic. It normally will not expense too much. You will like how the writer write this publication.

-- Dr. Jerald Hansen

If you need to adding benefit, a must buy book. It can be filled with knowledge and wisdom I am easily will get a pleasure of studying a composed publication.

-- Trevor Greenholt DDS