



Hellenic Capital Market Commission

2022 ATHEX Derivatives & Stock Lending Forum

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HCMC 's Viewpoint on Derivatives - Derivatives

- **Useful financial instruments**
 - Hedge positions– Add Liquidity – Price Formation– Access - Sophisticated Strategies – Lower transaction cost
- **Risky if not used properly → not appropriate for all clients**
 - Leverage/margining – volatility - sophisticated product (jargon) – being short options
- **Easily misunderstood**
 - Confusion between OTC and exchange traded has attracted negative publicity

HCMC 's Viewpoint on Derivatives – Greek Market

As any financial instrument, derivatives can be used for market manipulation

Market Abuse – HCMC checks, receives Suspicious Transactions and Orders Reports

(STORs). AthEx and market participants are obliged to check too and send us STORs.

Basis Risk – can happen, it is not evidence of market manipulation

Dividends – are a source of pricing uncertainty, therefore can be treated as an inside information.

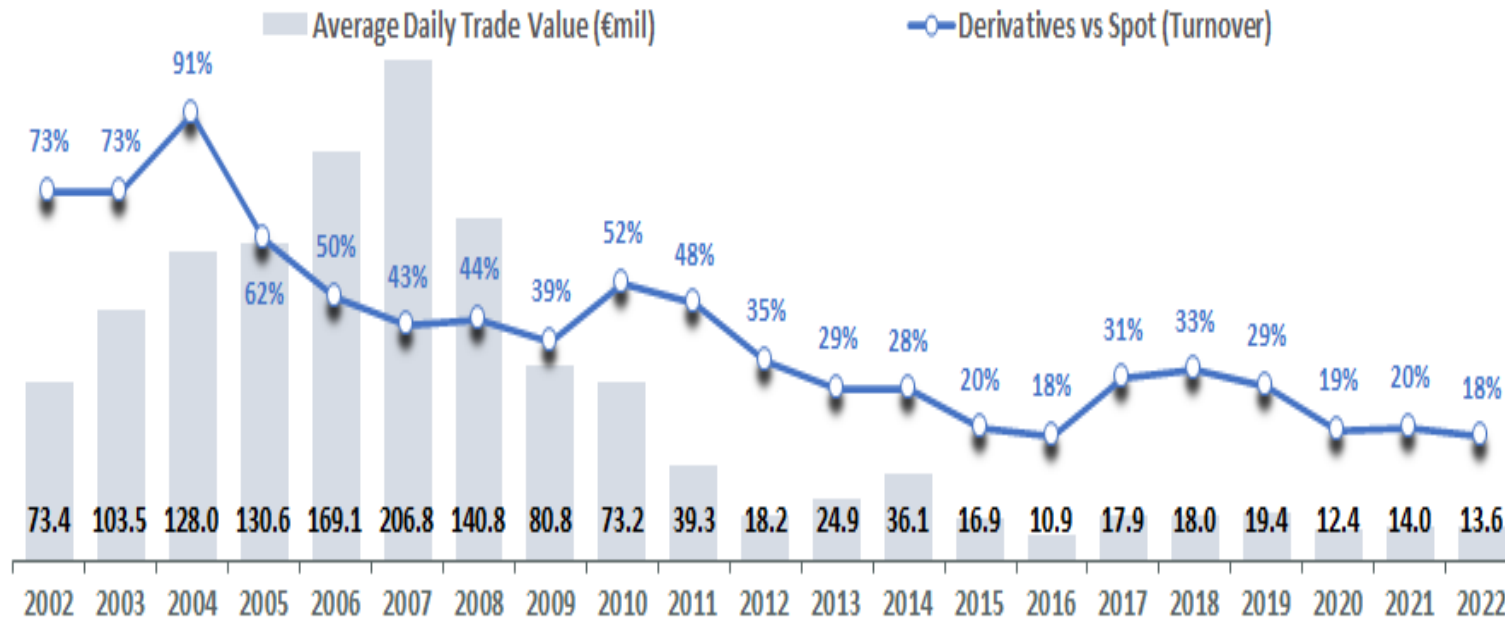
Listed companies should be careful regarding relevant (ex-date, amount) announcements.

HCMC's Viewpoint – ATHEXClear (CCP)

Central Counterparties (CCPs) reduce counterparty, operational, settlement, market, legal and default risk (Investopedia)

ATHEXClear is licensed and operates as a CCP under the European Market Infrastructure Regulation (EMIR). This ensures a safe environment for investments

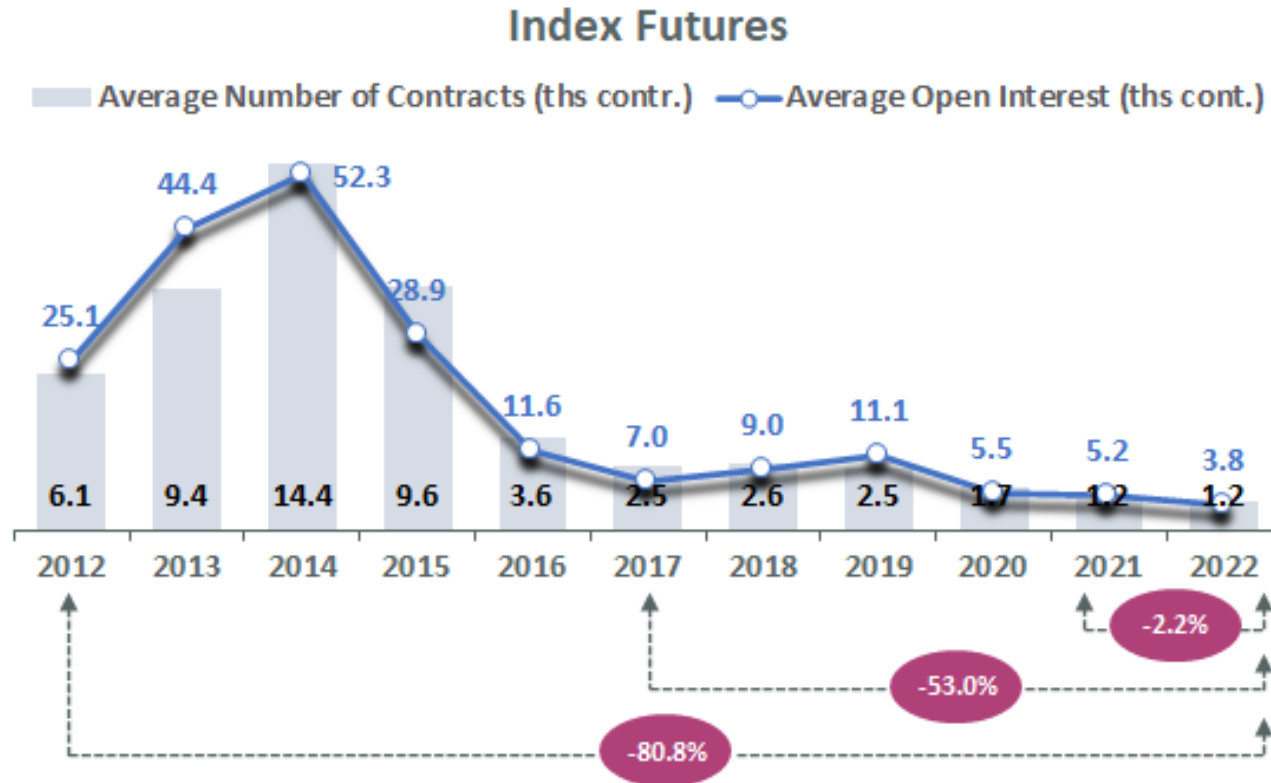
Greek Derivatives Market – Average Daily Trade Value



Source: ATHEXGROUP

20year graph indicates not only continuous decrease in traded value, but most importantly steady decrease in the derivatives/spot ratio (18% in 2022).

Greek Derivatives Market

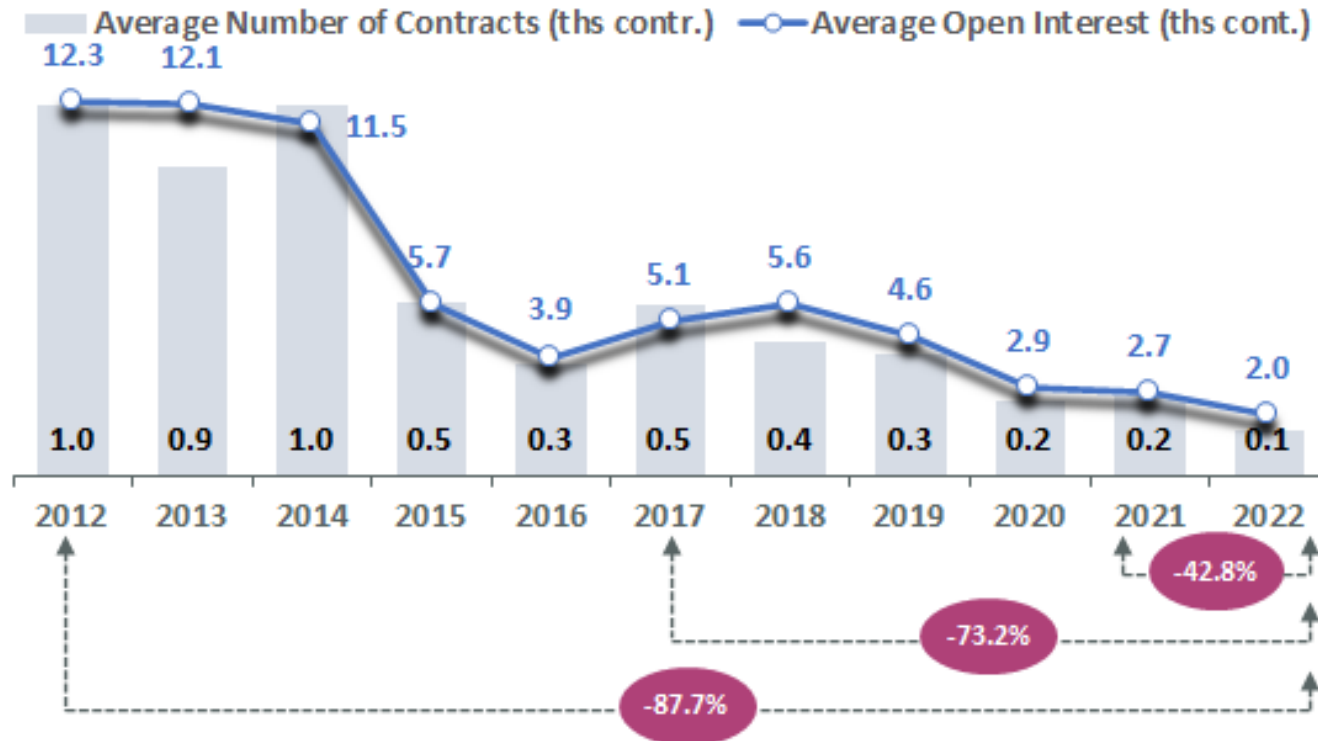


Source: ATHEXGROUP

Index Futures is the main problem. Both traded values and open interest decline the last 7-8 years.

Greek Derivatives Market

Index & Stock Options



Source: ATHEXGROUP

Options not only decline steadily but absolute numbers are extremely small.

Greek Derivatives Market – Average Turnover

	Avg Trade Value (2017)	Avg Trade Value (2018)	Δ (2018)	Avg Trade Value (2019)	Δ (2019)	Avg Trade Value (2020)	Δ (2020)	Average Trade Value (2021)	Δ (2021)	Average Trade Value (2022)	Δ (2022)	C.A.G.R. (2017-2022)
Total Activity (Ex Lending Products)	17.93	18.03	0.6%	19.42	7.7%	12.37	-36.3%	14.04	13.5%	13.56	-3.4%	-5.4%
Futures	16.40	16.71	1.9%	18.35	9.8%	11.82	-35.6%	13.34	12.8%	13.16	-1.4%	-4.3%
Index Futures	9.73	10.23	5.1%	10.11	-1.1%	5.81	-42.6%	5.03	-13.5%	4.92	-2.1%	-12.7%
Stock Futures	6.66	6.48	-2.7%	8.24	27.1%	6.02	-27.0%	8.32	38.3%	8.24	-0.9%	4.3%
Stock Futures Banks	3.54	2.97	-16.2%	4.43	49.2%	2.63	-40.5%	3.23	22.6%	3.71	14.9%	0.9%
Stock Futures Ex Banks	3.12	3.52	12.5%	3.81	8.4%	3.38	-11.2%	5.09	50.4%	3.41	-33.0%	1.8%
Options	1.53	1.32	-13.9%	1.07	-18.6%	0.54	-49.4%	0.70	28.4%	0.40	-41.9%	-23.4%
Index Options	1.49	1.30	-12.7%	1.04	-20.0%	0.51	-51.0%	0.64	24.8%	0.38	-41.1%	-24.1%
Stock Options	0.04	0.01	-63.8%	0.03	116.0%	0.03	8.4%	0.06	86.7%	0.03	-51.2%	-5.0%

Source: ATHEXGROUP

Last 5 years. Index futures have been halved, index options even worse. Stock futures 24% higher.

- Futures Only Trading – Mostly Stock Futures
 - Index products decline (Banks index futures: Why this product didn't work?)
 - Options – extremely low volumes
 - Retail vs Institutional Interest (2022 snapshot follows)
 - Index Futures: Retail = 14.4%, Institutional = 85.4%
 - Stock Futures: Retail = 77.4%, Institutional = 14.9%

- **Focus on: Index Futures Open Interest**
 - **Institutional Clients:** Greek Funds could have a much bigger open interest. $10\% \times 1.2\text{b (assets)} = 30,000$ contracts
 - **Introducing contracts on a new index:** should help to revive interest from foreign institutional clients
 - **Cost: Monthly vs. Quarterly Expirations, Contract Size** are both referring to cost (must be cheap as a percentage of the nominal value, cheaper to spot market)
 - **Marketing/Sales:** Important to educate staff/clients and promote products
- **Options**
 - **Cost:** Using option strategies should be affordable
 - **Marketing/Sales:** Important to educate staff/clients and promote products

Thank You

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