

INTERNATIONAL CONFERENCE on THE FUTURE OF ASIAN MARKETS AND EXCHANGES
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Competitiveness of stock market

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Factors affect stock market strength

There are so many factors which affect function and effectiveness of stock markets. The following five are most important ones which I compare Asian exchanges by proxies of these factors.

1. Integrity and credibility of markets

- Trading Rules: operation of market and governance

2. Foreign Firms' and Global Investors' views on markets

- International Cross Listing: attractiveness of market for foreign companies
- Global Investment: appetite of listed companies for global investors

3. Competition among markets

- Monopoly or Fragmentation

4. Activity = Market participants' response to current conditions

- Turnover: HFT participation and retail investors
- Liquidity: ease to trade and low cost

5. New Developments

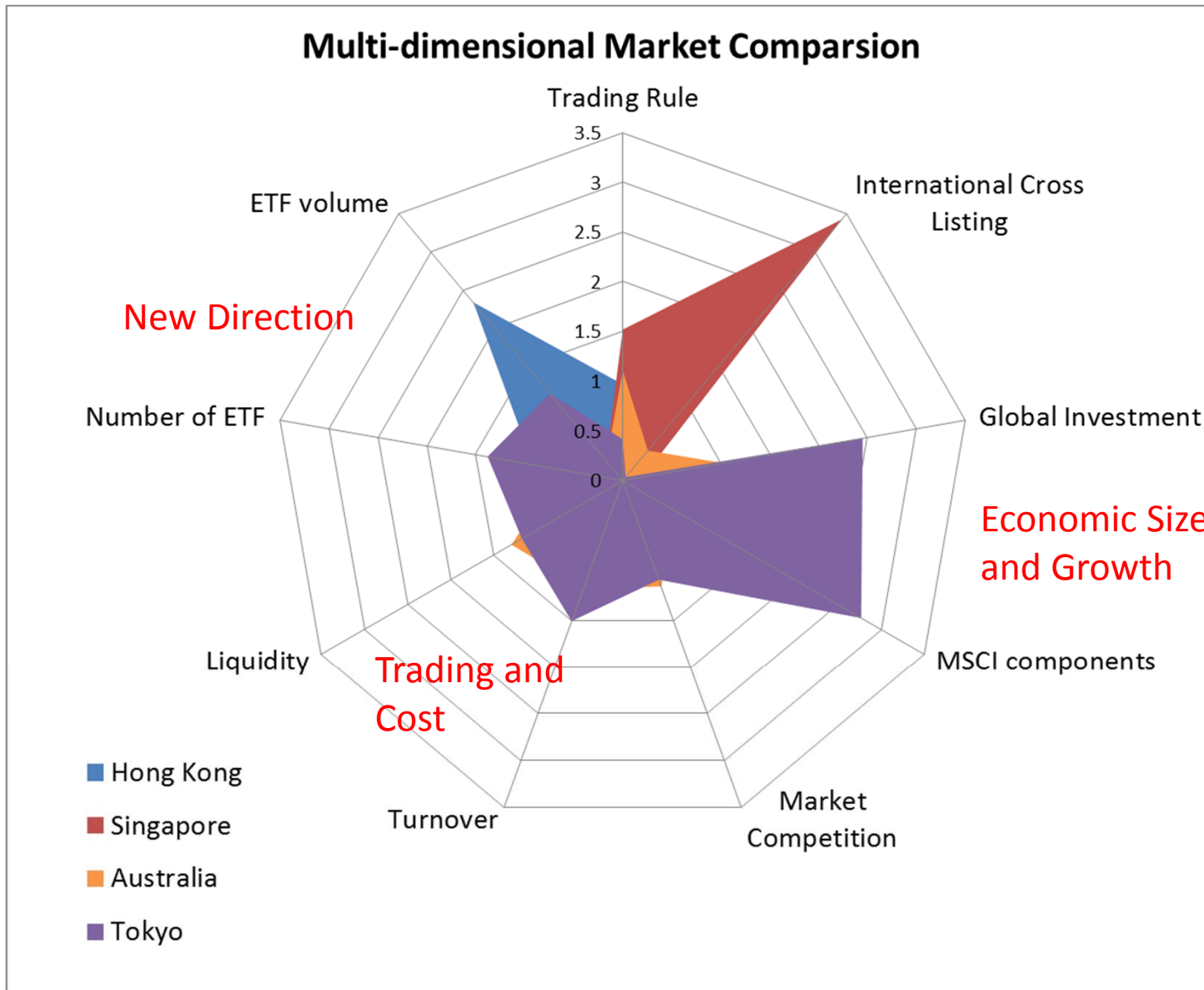
- New Products such as ETF

Comparative Study on Competitiveness of Asian Exchanges

	Hong Kong	Singapore	Australia	Tokyo
Trading Rule(→1)	7	11	8	3
International Cross Listings (→ 5)	1.6% 24/1496	40.2% 311/773	4.6% 96/2079	0.5% 11/2291
Global Investment MSCI components	5.1% 41stocks	3.2% 31stocks	15.8% 69stocks	38.1% 317stocks
Market Competition FIDESSA Fragmentation Index	1	1	1.26	1.18
Turnover	63.6%	45.9%	94.2%	123%
Liquidity (Amihud Illiquidity Measure) (→3)	0.54	0.35	0.29	0.32
New Products: number and volume of ETF (→5)	77 70,084	90 7,921	53 7,731	116 34,158

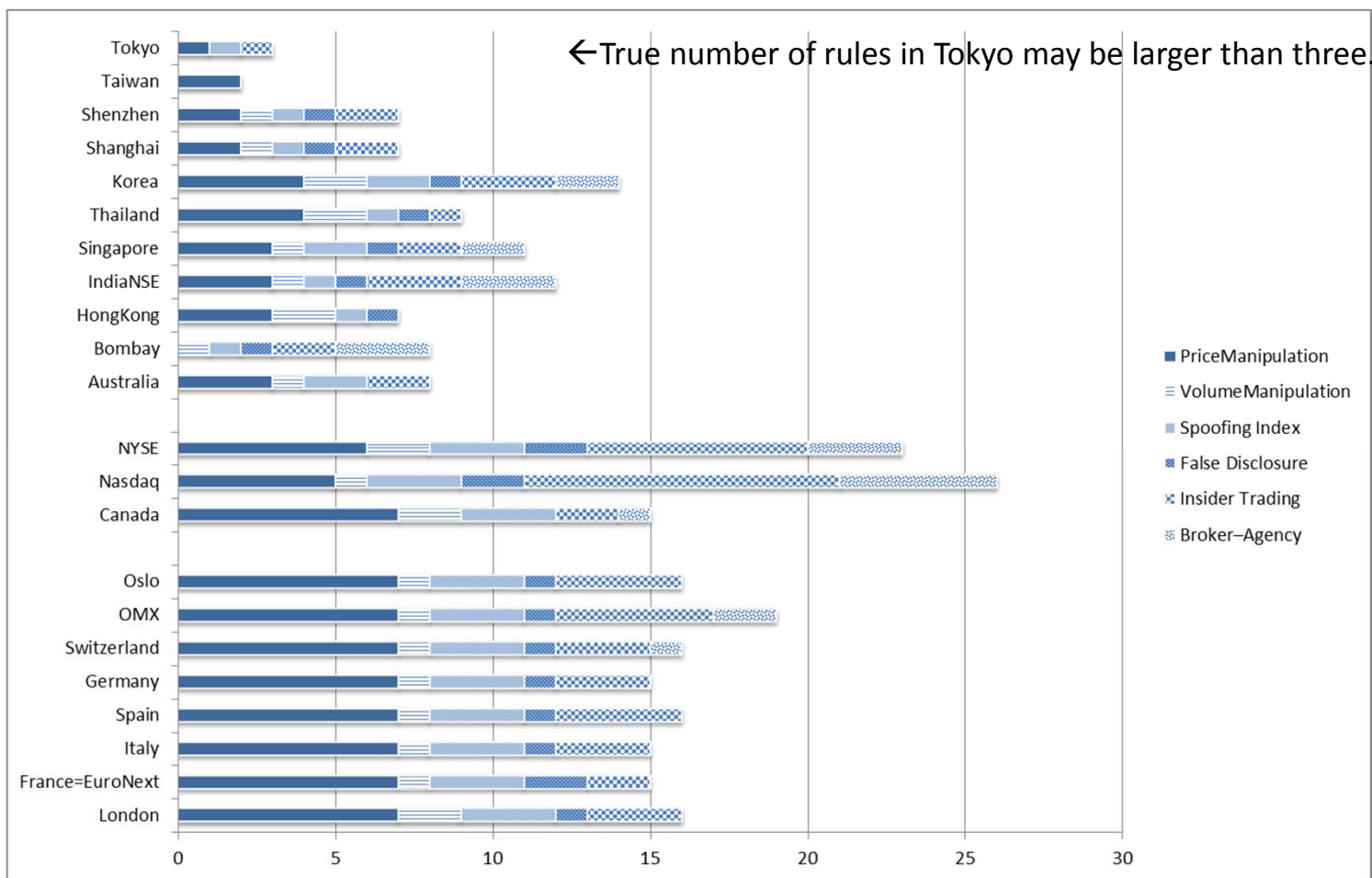
Sources: Cumming et al. 2011, Amihud 2002, World Federation of Exchange, MSCI, Fidessa

Summary on Where is the strength of each market!



Parts of comparative analysis

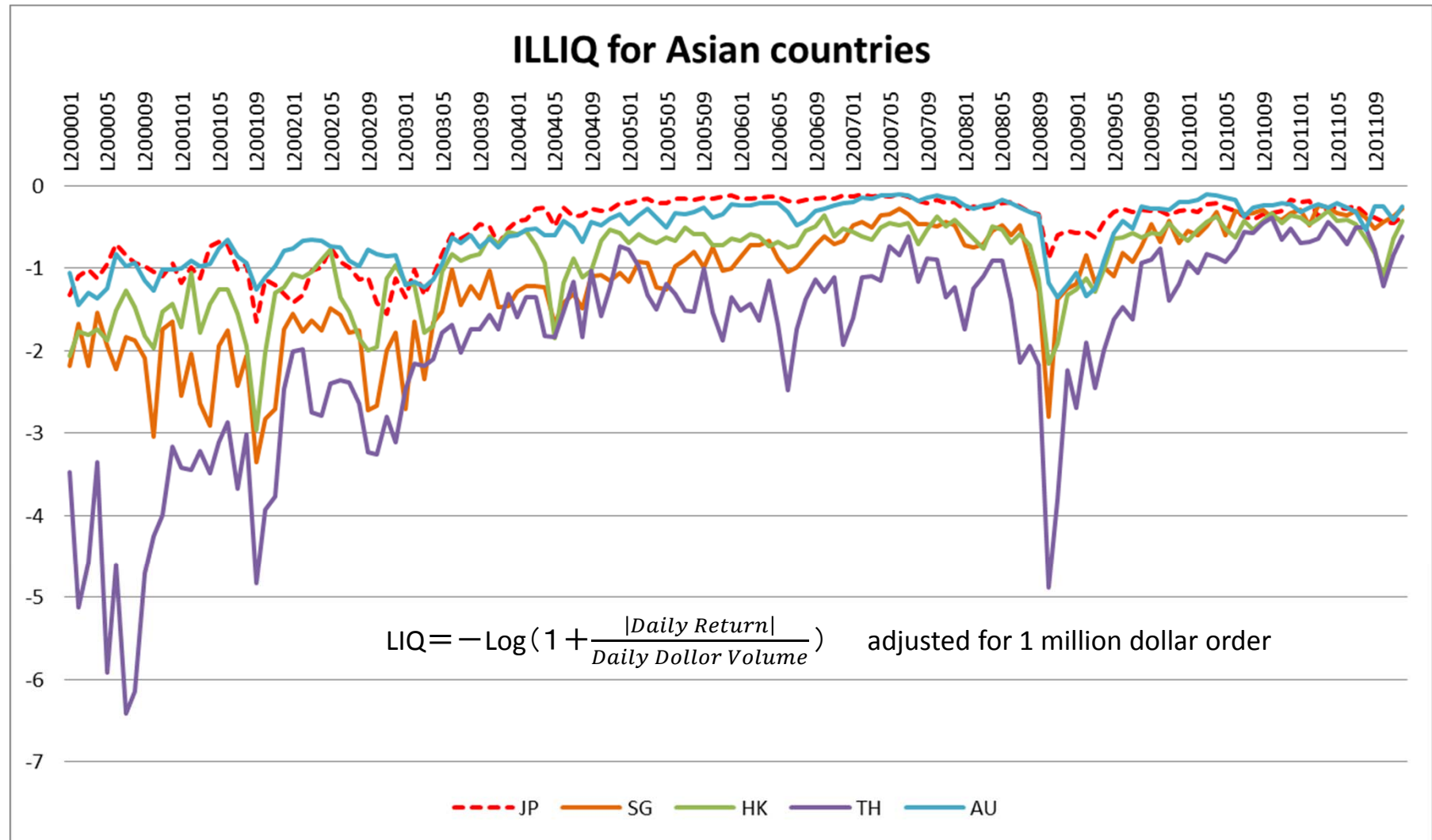
1 Trading rules indices



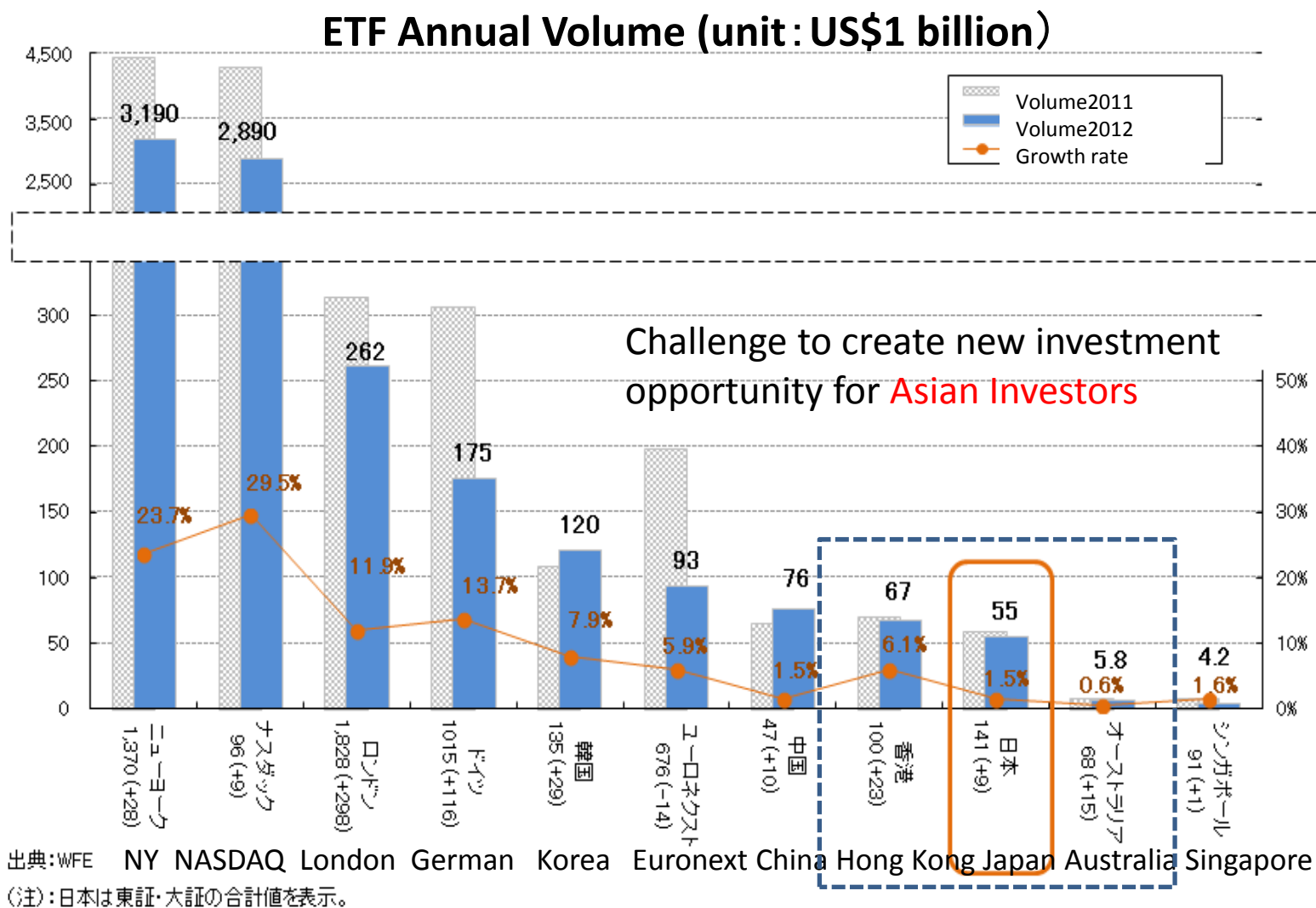
Source: “Exchange trading rules and stock market liquidity”

Douglas Cumming , Sofia Johan , Dan Li (Journal of Financial Economics) 2011

4 Liquidity



5 ETF



5 SPDR GLD

The world second largest ETF are cross-listed by three Asian market centers,

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3 MONTH GOLD SPOT PRICE

CURRENT GOLD SPOT PRICE

Mid prices, updated every minute

US\$1,344.20	JPY133,976.42	HKD10,427.50
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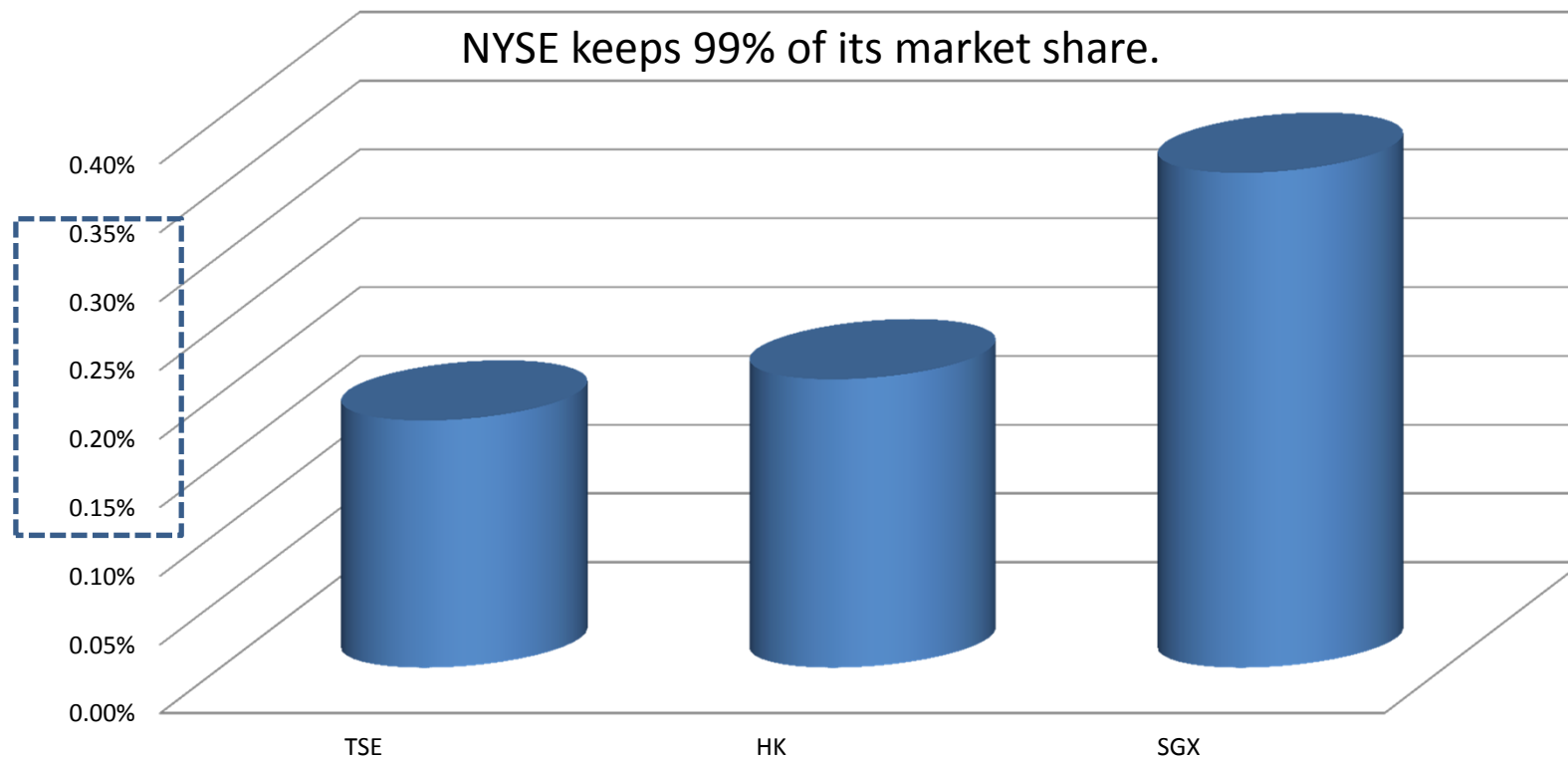
TOTAL GOLD IN TRUST

Tonnes	Ounces	Value US\$
929.76	29,892,679.48	39,848,828,044.26

(出所) <http://www.spdrgoldshares.com/>

5 Strong home market!

SPDR GLD Volume Share relative to NYSE
Jan 2011 - May 2013



Three markets are segmented because they are traded in different currencies.
Can't we maximize the pool of investors among Asian countries?

Advantages of Tokyo Market

- High trading activity
- Good liquidity and low transaction cost
- Listed companies are the core of global equity investment
- Tokyo holds a leading position for trading market.
- Exchange should challenge to create a market which can maximize the pool of investors among Asian countries.