

2013 Greenwich Leaders: North American Flow Equity Derivatives

Q4 2013

When it comes to flow equity derivatives, Goldman Sachs is the broker of choice for North American institutions. New research from Greenwich Associates reveals that Goldman Sachs is either the leader or is tied for the top spot in terms of penetration of the institutional market in

all major flow equity derivatives products: options & volatility products and delta one products.

Brokers in North America win trading business in equity derivatives based largely on their performance in four

Greenwich Share Leaders — 2013



Options & Volatility Product Market Penetration — North America

Broker	Important Relationships	Statistical Rank
Morgan Stanley	61%	1T
Bank of America Merrill Lynch	60%	1T
Goldman Sachs	60%	1T
Citi	51%	4T
Barclays	50%	4T
Deutsche Bank	49%	4T
J.P. Morgan	47%	4T

Note: Includes top 10 relationship citations for 2013, distinctive service evaluations and any mention for transactions in specific options & volatility products: listed and listed look-alike options across single-stock, index, options on volatility indices (VIX/V2X), options/swaps/futures on dividends, options on sector ETFs, "lite exotics"/structured flow options, and variance/volatility swaps on indices or single-stocks. Based on interviews with 135 institutions.

Source: Greenwich Associates 2013 North American Equity Derivatives Study

Greenwich Share Leaders — 2013



ETF Market Penetration — North America

Broker	Important Relationships	Statistical Rank
Goldman Sachs	53%	1
Bank of America Merrill Lynch	45%	2T
Morgan Stanley	42%	2T
Credit Suisse	35%	4T
Citi	34%	4T
Deutsche Bank	31%	4T
Barclays	29%	4T

Note: Includes top 5 relationship citations, distinctive service evaluations, and any mentions for transactions in specific ETF products. Based on interviews with 62 institutions.

Source: Greenwich Associates 2013 North American Equity Derivatives Study

Greenwich Share Leaders — 2013



Futures Market Penetration — North America

Broker	Important Relationships	Statistical Rank
Goldman Sachs	57%	1
Bank of America Merrill Lynch	40%	2T
Morgan Stanley	37%	2T
J.P. Morgan	36%	2T
Credit Suisse	27%	5

Note: Includes top 5 relationship citations, distinctive service evaluations, and any mentions for transactions in specific futures products: index, futures on volatility indices (VIX/V2X), single-stock futures, sector futures. Based on interviews with 83 institutions.

Source: Greenwich Associates 2013 North American Equity Derivatives Study

Greenwich Share Leaders — 2013



Equity Swaps Market Penetration — North America

Broker	Important Relationships	Statistical Rank
Goldman Sachs	64%	1T
Morgan Stanley	63%	1T
Bank of America Merrill Lynch	60%	1T
Citi	48%	4T
Deutsche Bank	47%	4T
J.P. Morgan	47%	4T
Barclays	44%	4T
Credit Suisse	44%	4T

Note: Includes top 5 relationship citations, distinctive service evaluations, and any mentions for transactions in specific equity swaps products: index, single-stock or custom baskets. Based on interviews with 73 institutions.

Source: Greenwich Associates 2013 North American Equity Derivatives Study

Greenwich Quality Leaders — 2013



Options & Volatility Product Coverage Quality — North America

Broker

Bank of America Merrill Lynch
Citi
Deutsche Bank
Goldman Sachs
Morgan Stanley

Note: Based on interviews with 135 institutions. Leaders cited in alphabetical order including ties.

Source: Greenwich Associates 2013 North American Equity Derivatives Study

main areas: pricing, their understanding of clients' investment strategies or hedging needs, consistency of sales and trading service and their willingness to commit capital.

Although the selection criteria used by investors varies to some degree among options and volatility products, equity swaps, futures and ETFs, these four factors are the primary drivers of institutional trading allocations. "The common thread among the Greenwich Leaders in the North American flow equity derivatives business is that each of them excels in all four of these critical areas," says Greenwich Associates consultant Jay Bennett.

Every year, Greenwich Associates interviews more than 150 U.S. and Canadian-based institutions that invest in equity derivatives. Respondents are asked to name the top 5–10 brokers they use for specific products and to rate the firms according to a series of qualitative factors in each product. Firms that receive quality ratings exceeding those of competitors by a statistically significant margin are named Greenwich Quality Leaders.

Options & Volatility Products

Approximately 60% of North American institutions active in options and volatility products cite important trading relationships with Morgan Stanley, Bank of America Merrill Lynch and Goldman Sachs. About half these investors consider Citi, Barclays and Deutsche Bank important. These firms are the 2013 Greenwich Share Leaders in Equity Options & Volatility Products. The 2013 Greenwich Quality Leaders in Equity Options & Volatility Product Coverage are Bank of America Merrill Lynch, Citi, Deutsche Bank, Goldman Sachs and Morgan Stanley.

Greenwich Quality Leaders — 2013



Equity Swaps Coverage Quality — North America

Broker

Goldman Sachs
J.P. Morgan

Note: Based on interviews with 73 institutions. Leaders cited in alphabetical order including ties.

Source: Greenwich Associates 2013 North American Equity Derivatives Study

Equity Swaps

In equity swaps, Goldman Sachs, Morgan Stanley and Bank of America Merrill Lynch tie for the top spot in terms of penetration as important providers for North American institutions, followed by Credit Suisse, Citi, Deutsche Bank, and J.P. Morgan, all of which tie for second place. These firms are the 2013 Greenwich Share Leaders in Equity Swaps. The 2013 Greenwich Quality Leaders in Equity Swaps Coverage are Goldman Sachs and J.P. Morgan.

Equity Futures

Goldman Sachs leads as an important broker in the equity futures market with a 57% market penetration among North American accounts, followed by Bank of America Merrill Lynch, Morgan Stanley and J.P. Morgan, all with market penetration scores of 36–40%, and Credit Suisse at 27%. These firms are the 2013 Greenwich Share Leaders in Futures.

ETFs

Goldman Sachs leads the ETF market with a 53% market penetration among North American institutions, followed by Bank of America Merrill Lynch and Morgan Stanley with scores of 42–45% and then a next tier of brokers including Credit Suisse, Citi, Deutsche Bank and Barclays. These firms are the 2013 Greenwich Share Leaders in ETF Trading.

Consultants Jay Bennett, John Colon and John Feng advise on the institutional equity markets globally, including the use of equity derivatives.

Methodology

Between May and June 2013, Greenwich Associates interviewed 155 fund managers, traders and equity derivative specialists at the largest investing institutions in North America.

The findings reported in this document reflect solely the views reported to Greenwich Associates by the research participants. They do not represent opinions or endorsements by Greenwich Associates or its staff. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Greenwich Associates compiles the data received, conducts statistical analysis and reviews for presentation purposes in order to produce the final results.

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