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ISE Eyes Futures To Bolster New Vol Option

by [Peter Thompson](#)

The International Securities Exchange is looking at developing volatility futures as part of the launch of its new option on volatility. Gary Katz, president and CEO, told *EQDerivatives* ISE is in talks with an exchange about the possibility of listing futures on the Nations VolDex Index.

ISE is drawing from the Chicago Board Option Exchange's experience with VIX. "We're interested in the learning lessons from the CBOE that the product really became successful when it had an eco system around it, not just index options but the options themselves, futures products, ETFs or ETPs. So we're taking our time and making sure that we put all the pieces of the puzzle in to place," Katz said in an interview.

The exchange has not disclosed which exchange it is talking to, nor whether all products would be rolled out at the same time, as the precise launch strategy has yet to determined.

Approval to list options on VolDex was granted by the Securities and Exchange Commission in January. ISE is now working on risk disclosure documents for the Option Clearing Corp. Katz said there is no timeline for launching options trading. "We've not set a timeline for ourselves. We think it's more important that we have all these elements in place and not rush to bring on out in front of the other," he said, referring to the futures and ETPs.

VolDex was created by Scott Nations. It is based on at-the-money SPY options—options on the SPDR 500 ETF. "We saw that as data that was rich in liquidity," Katz said. There is a high degree of correlation with VIX, but the differences will make it a complementary product. "We don't believe that there is a limit of one product in the space," he said.

Source: EQDerivatives.com