OIC The Options Industry Council

2015 STUDY OF INVESTORS

September 2015
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BACKGROUND AND OBJECTIVES
Background and Research Objectives

- **The Options Industry Council (OIC)** was created in 1992 as an industry cooperative to provide education about the benefits and risks of exchange-listed equity options. Options are a versatile yet complex product, and that is why OIC hosts options seminars, videos and podcasts, distributes educational literature, maintains a website, and offers live help from options professionals—all focused on options education.

- The research presented in this report was sponsored by OIC and conducted by Harris Poll to explore similarities and differences between Options Users and Non-Options Users, as well as provide the Options industry with a current profile of Options Users. The research will be used for both internal strategic planning as well as for public release.
METHODOLOGY
Methodology

• Harris Poll (formerly known as Harris Interactive) conducted the OIC 2015 Study of Investors online from February 2 through July 22, 2015 among 964 investors.
• The average interview length was 16 minutes.
• The investors were customers from five participating brokerage firms that attract self-directed investors.
• Interviews were conducted among 622 Options Users and 342 Non-Options Users, using the following definitions:
  • **Options Users** are defined as customers at brokerage firms who have a minimum of $25,000 in liquid assets in their non-IRA accounts and have traded Options within the past 12 months.
  • **Non-Options Users** are defined as customers at brokerage firms who have a minimum of $25,000 in liquid assets in their non-IRA accounts and have NOT traded Options within the past 12 months but made at least one securities trade (for example, stocks or bonds) in the past 12 months.
• Data for the Options Users were weighted so that each of the five participating firms is equally represented in the aggregate data. Data for the Non-Options Users were weighted so that three of the five participating firms is equally represented in the data; however, data for two of the firms were left un-weighted due to small base sizes.
• Data were tested at the 95% confidence level. Green and red arrows (↑/↓) indicate statistically higher or lower differences between Options and Non-Options Users at 95% confidence.
EXECUTIVE SUMMARY
Executive Summary

Options Users are passionate, active investors, and they are unlikely to change course going forward. They plan to increase their trading of options.

- Options Users are significantly more likely than Non-Options Users to consider themselves extremely knowledgeable investors, to be more passionate about investing, to consider themselves “investors” and not “savers” and to be more willing to take risks in order to achieve rewards.
- In addition to trading Options, Options Users are more active than Non-Options Users when trading stocks (averaging 33 stock trades over the past year vs. 25 trades for Non-Options Users).
- Options Users have built more diversified investment portfolios than Non-Options Users, making more extensive use of ETFs/investment trusts, gold, futures and, of course, options.
- Over the past two years, most Options Users have increased their investment in options, favoring options over other items in their portfolios.
- Over the next year, Options Users are more likely to increase their trading of options than their trading of either stocks or bonds.
Executive Summary

Options Users often prefer to “go it alone” when investing in options. This is not surprising, given the self-directed investors in our sample. However, if they use a brokerage firm, they are very focused on that firm.

- Seven in ten Options Users prefer to trade in options directly, without going to a broker for advice.
- However, three in four Options Users who use a broker feel they are extremely/very knowledgeable when offering financial advice.
- Options Users prefer to use multiple brokers when building their investment portfolios – averaging four different accounts for managing their money. However, three in five rely on a single account when trading options.
- One in four Options Users has changed brokerage houses over the past two years; one in ten would consider changing brokers over the next year. Moreover, one in five are not sure whether or not they would switch, indicating some “fluidity” in the market.
- At opposite ends of the spectrum, Options Users are most knowledgeable about exchange-listed equity options and least familiar with currency options. Options Users are most likely to invest in options to increase the income earned on their current investments or for short-term gains.
Executive Summary

Lack of understanding or knowledge is the major stumbling block why more investors do not trade options.

- Roughly one in three of those who are currently Non-Options Users have traded options in the past.
- Whether they have traded options in the past or not, lack of knowledge or understanding about options is *the major stumbling block* (along with time) preventing Non-Options Users from trading options now. Having said this ...
- Only one in ten Non-Options Users who have traded options in the past would not consider trading them again; one in three who have never traded options would not consider trading them now – offering brokers a substantial window of opportunity in attracting new options investors if the conditions (and understanding of options) are right.
DETAILED FINDINGS
DETAILED FINDINGS

ATTITUDES TOWARDS INVESTING
MOST OPTIONS USERS CONSIDER THEMSELVES TO BE EXTREMELY KNOWLEDGEABLE INVESTORS.

“*I consider myself to be an extremely knowledgeable investor.*”

<table>
<thead>
<tr>
<th>TOTAL DISAGREE</th>
<th>TOTAL AGREE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree strongly</td>
<td>Agree strongly</td>
</tr>
<tr>
<td>Disagree somewhat</td>
<td>Agree somewhat</td>
</tr>
</tbody>
</table>

Options Users (N=622)
- Disagree strongly: 14%
- Disagree somewhat: 12%
- Agree somewhat: 54%
- Agree strongly: 31%
- Not sure: 1%

Non-Options Users (N=342)
- Disagree strongly: 32%
- Disagree somewhat: 27%
- Agree somewhat: 54%
- Agree strongly: 12%
- Not sure: 2%

↑/↓Options Users significantly higher/lower than Non-Options Users

BASE: ALL QUALIFIED RESPONDENTS
Q705. Please indicate how much you agree or disagree with each of the following statements
MOST OPTIONS USERS ARE INTERESTED IN LOOKING AT NEW INVESTMENT VEHICLES.
- The same finding also applies to Non-Options Users.

“I am always interested in looking at new investment vehicles.”

Options Users (N=622)
- Total Agree: 76%
- Total Disagree: 23%
- Not sure: 1%

Non-Options Users (N=342)
- Total Agree: 75%
- Total Disagree: 22%
- Not sure: 3%
OPTIONS USERS ARE FAR LESS LIKELY THAN NON-OPTIONS USERS TO FEEL THEY ARE “SAVERS” AND NOT “INVESTORS”.

“I consider myself more of a saver than an investor.”

Options Users (N=622)
- Disagree strongly: 21
- Disagree somewhat: 48
- Agree somewhat: 22
- Agree strongly: 7
- Not sure: 2%

Non-Options Users (N=342)
- Disagree strongly: 14
- Disagree somewhat: 39
- Agree somewhat: 34
- Agree strongly: 11
- Not sure: 2%

Up/Down Options Users significantly higher/lower than Non-Options Users

BASE: ALL QUALIFIED RESPONDENTS

Q705. Please indicate how much you agree or disagree with each of the following statements.
OPTIONS USERS ARE PASSIONATE ABOUT INVESTING: NEARLY NINE IN TEN CONSIDER INVESTING AN IMPORTANT PART OF THEIR LIVES.

“Investing is more than a hobby or a means to an end; it is an important part of my life.”

Base: All qualified respondents

Q705. Please indicate how much you agree or disagree with each of the following statements

Options Users (N=622)

- Agree strongly: 85%
- Agree somewhat: 31%
- Disagree somewhat: 10%
- Disagree strongly: 14%
- Not sure: 1%

Non-Options Users (N=342)

- Agree strongly: 76%
- Agree somewhat: 30%
- Disagree somewhat: 15%
- Disagree strongly: 22%
- Not sure: 2%

↑/↓ Options Users significantly higher/lower than Non-Options Users
OPTIONS USERS ARE MORE LIKELY THAN NON-OPTIONS USERS TO ENJOY INVESTING THROUGH THE STOCK MARKET.

“I enjoy the thrill of playing the market.”

Options Users (N=622)
- Disagree strongly: 27%
- Disagree somewhat: 17%
- Agree somewhat: 44%
- Agree strongly: 27%
- Not sure: 2%

Non-Options Users (N=342)
- Disagree strongly: 38%
- Disagree somewhat: 24%
- Agree somewhat: 40%
- Agree strongly: 20%
- Not sure: 2%

↑↓ Options Users significantly higher/lower than Non-Options Users

BASE: ALL QUALIFIED RESPONDENTS
Q705. Please indicate how much you agree or disagree with each of the following statements.
OPTIONS USERS ARE MORE COMFORTABLE THAN NON-USERS IN TAKING RISKS IN RETURN FOR REWARDS.

“I am very comfortable taking high levels of risk in return for significant gain.”

Options Users (N=622)

Non-Options Users (N=342)

Options Users significantly higher/lower than Non-Options Users

BASE: ALL QUALIFIED RESPONDENTS

Q705. Please indicate how much you agree or disagree with each of the following statements
OPTIONS USERS ARE MORE LIKELY THAN NON-OPTIONS USERS TO BE SELF-DIRECTED WHEN INVESTING.

- Given the self-directed composition of the sample, this is not surprising.

“I rely on my financial advisor for investment advice.”

Options Users (N=622)

- 83% Disagree strongly
- 58% Disagree somewhat
- 25% Agree somewhat
- 10% Agree strongly
- 6% Not sure

Non-Options Users (N=342)

- 73% Disagree strongly
- 49% Disagree somewhat
- 24% Agree somewhat
- 17% Agree strongly
- 9% Not sure

Options Users significantly higher/lower than Non-Options Users

BASE: ALL QUALIFIED RESPONDENTS

Q705. Please indicate how much you agree or disagree with each of the following statements.
NEARLY ALL OPTIONS AND NON-OPTIONS USERS PERSONALLY RESEARCH THEIR NEW INVESTMENTS.  
-Although this is somewhat more true for Non-Options Users than Options Users.

“I personally research every new investment I make.”
OPTIONS USERS ARE MORE LIKELY THAN NON-OPTIONS USERS TO BE “EARLY ADOPTERS” OF NEW PRODUCTS.

“I like to try new products before others try them.”

Options Users (N=622)
- 62% Agree
- 39% Agree somewhat
- 28% Agree strongly
- 7% Agree strongly
- 3% Not sure

Non-Options Users (N=342)
- 66% Agree
- 41% Agree somewhat
- 22% Agree strongly
- 7% Agree strongly
- 5% Not sure

↑/↓ Options Users significantly higher/lower than Non-Options Users

Base: OPTIONS USERS

Q705. Please indicate how much you agree or disagree with each of the following statements.
OPTIONS AND NON-OPTIONS USERS RELY HEAVILY ON THE INTERNET WHEN RESEARCHING INVESTMENTS.

“I rely on online media and online publications for investment advice.”

Base: OPTIONS USERS
Q705. Please indicate how much you agree or disagree with each of the following statements

Options Users (N=622)
- Disagree strongly: 29%
- Disagree somewhat: 14%
- Agree somewhat: 15%
- Agree strongly: 42%
- Not sure: 1%

Non-Options Users (N=342)
- Disagree strongly: 25%
- Disagree somewhat: 8%
- Agree somewhat: 17%
- Agree strongly: 45%
- Not sure: 2%

↑/↓ Options Users significantly higher/lower than Non-Options Users
DETAILED FINDINGS

MANAGING MY PORTFOLIO
EIGHT IN TEN INVESTORS (WHETHER OPTIONS USER OR NON-USER) FEEL THEIR INVESTMENTS HAVE PERFORMED AS WELL AS OR BETTER THAN OTHER INVESTORS OVER THE PAST TWO YEARS.

**BASE:** ALL QUALIFIED RESPONDENTS

**Q710** Compared to other investors, how do you think your investments have performed during the past two years?

↑/↓ Options Users significantly higher/lower than Non-Options Users
OPTIONS USERS HAVE SOMEWHAT MORE DIVERSIFIED INVESTMENT PORTFOLIOS THAN NON-OPTIONS USERS.

- Stocks are a commonly used investment for both Options Users and Non-Options Users.
- Options Users make much greater use of ETFs/investment trusts, gold, futures and, of course, options.
- Non-Options Users tend to use mutual funds and certificates of deposit more than Options Users.

<table>
<thead>
<tr>
<th>Investments</th>
<th>Options Users (N=622)</th>
<th>Non-Options Users (N=342)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stocks (NET)</strong></td>
<td>81%</td>
<td>78%</td>
</tr>
<tr>
<td>Exchange-Listed stocks (e.g., NASDAQ or NYSE)</td>
<td>78%</td>
<td>76%</td>
</tr>
<tr>
<td>American Depository Receipts (ADRs)</td>
<td>33%↑</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Options (NET)</strong></td>
<td>92%</td>
<td>-</td>
</tr>
<tr>
<td>Listed Stock Options</td>
<td>88%</td>
<td>-</td>
</tr>
<tr>
<td>Index Options</td>
<td>38%</td>
<td>-</td>
</tr>
<tr>
<td>LEAPS or Long-term Options</td>
<td>34%</td>
<td>-</td>
</tr>
<tr>
<td>Currency Options</td>
<td>5%</td>
<td>-</td>
</tr>
<tr>
<td><strong>ETFs/Investment Trusts (Net)</strong></td>
<td>73%↑</td>
<td>60%</td>
</tr>
<tr>
<td>Exchange-Traded Funds (ETFs)</td>
<td>69%↑</td>
<td>56%</td>
</tr>
<tr>
<td>Leveraged ETFs</td>
<td>28%↑</td>
<td>11%</td>
</tr>
<tr>
<td>Unit Investment Trusts</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Bonds (NET)</strong></td>
<td>33%</td>
<td>37%</td>
</tr>
<tr>
<td>Corporate Bonds</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>Municipal Bonds</td>
<td>19%</td>
<td>23%</td>
</tr>
<tr>
<td>Treasury Bonds</td>
<td>11%</td>
<td>13%</td>
</tr>
<tr>
<td>Money Markets</td>
<td>43%</td>
<td>48%</td>
</tr>
<tr>
<td>Gold (stocks/funds/coins)</td>
<td>37%↑</td>
<td>22%</td>
</tr>
<tr>
<td>Futures (single stock, indices, commodity)</td>
<td>18%↑</td>
<td>6%</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>14%↓</td>
<td>21%</td>
</tr>
<tr>
<td>None of these</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>51%↓</td>
<td>68%</td>
</tr>
<tr>
<td>Dividend Reinvestment Plan (DRIP)</td>
<td>27%</td>
<td>28%</td>
</tr>
<tr>
<td>Structured products</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>None of these</td>
<td>1%↓</td>
<td>3%</td>
</tr>
</tbody>
</table>

↑/↓ Options Users significantly higher/lower than Non-Options Users

BASE: ALL QUALIFIED RESPONDENTS
Q800. Please read the following list of financial investments and select the ones that you currently use. Please select all that apply.
OPTIONS USERS ARE EXPERIENCED INVESTORS WITH A WIDE VARIETY OF PRODUCTS.

- On average, Options Users and Non-Users have been investing in the stock market, certificates of deposit, money markets and mutual funds for more than 20 years.

- Other forms of investing (such as bonds, DRIPs, ADRs, futures and gold) show similar long-term commitments.

** Caution: Small Base

<table>
<thead>
<tr>
<th>Years Invested (Mean)</th>
<th>Options Users</th>
<th>Non-Options Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mutual funds (N=329)</td>
<td>27.2 ↑</td>
<td>(N=229) 24.3</td>
</tr>
<tr>
<td>Certificates of deposit (N=96)</td>
<td>26.1</td>
<td>(N=69) 22.0</td>
</tr>
<tr>
<td>Money markets (N=285)</td>
<td>25.7</td>
<td>(N=162) 25.0</td>
</tr>
<tr>
<td>Exchange-Listed stocks (e.g., NASDAQ or NYSE) (N=487)</td>
<td>24.6 ↑</td>
<td>(N=260) 22.1</td>
</tr>
<tr>
<td>Municipal bonds (N=121)</td>
<td>16.4</td>
<td>(N=78) 14.3</td>
</tr>
<tr>
<td>Treasury bonds (N=65)</td>
<td>16</td>
<td>(N=43) 17.2</td>
</tr>
<tr>
<td>Dividend Reinvestment Plan (DRIP) (N=163)</td>
<td>15.7</td>
<td>(N=93) 18.0</td>
</tr>
<tr>
<td>Corporate bonds (N=132)</td>
<td>15.2</td>
<td>(N=82) 12.7</td>
</tr>
<tr>
<td>American Depository Receipts (ADRs) (N=221)</td>
<td>14.4</td>
<td>(N=68) 15.9</td>
</tr>
<tr>
<td>Gold (stocks/funds/coins) (N=229)</td>
<td>13.8</td>
<td>(N=76) 13.4</td>
</tr>
<tr>
<td>Listed stock options (N=551)</td>
<td>13</td>
<td>(N=21) 0</td>
</tr>
<tr>
<td>Futures (single stock, indices, commodity)</td>
<td>11.7</td>
<td>(N=28) 16.3</td>
</tr>
<tr>
<td>Unit investment trusts (N=57)</td>
<td>11.7</td>
<td>(N=68) 10.0</td>
</tr>
<tr>
<td>Structured products</td>
<td>9.5</td>
<td>(N=16) 8.4</td>
</tr>
<tr>
<td>LEAPS or Long-term options (N=214)</td>
<td>9.3</td>
<td>0</td>
</tr>
<tr>
<td>Exchange-Traded Funds (ETFs) (N=443)</td>
<td>8.4 ↑</td>
<td>(N=190) 7.1</td>
</tr>
<tr>
<td>Index options (N=232)</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Leveraged ETFs (N=177)</td>
<td>6.1</td>
<td>(N=40) 5.4</td>
</tr>
<tr>
<td>Currency options (N=26)</td>
<td>5.1</td>
<td>0</td>
</tr>
</tbody>
</table>

↑/↓ Options Users significantly higher/lower than Non-Options Users

BASE: CURRENTLY USE FINANCIAL INVESTMENTS

Q810. Below is a list of the financial investments that you currently use. How long have you been investing in each?
OVER THE PAST TWO YEARS, OPTIONS USERS ARE MOST LIKELY TO HAVE INCREASED THEIR INVESTING IN OPTIONS, FOLLOWED BY ETFS AND FUTURES.

<table>
<thead>
<tr>
<th>Financial Investment</th>
<th>Options Users Dec</th>
<th>Same</th>
<th>Increased</th>
<th>Non-Options Users Dec</th>
<th>Same</th>
<th>Increased</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mutual funds (N=325)</td>
<td>33%</td>
<td>45%</td>
<td>22%</td>
<td>28%</td>
<td>41%</td>
<td>30%</td>
</tr>
<tr>
<td>Exchange-Traded Funds (ETFs) (N=418)</td>
<td>12%</td>
<td>41%</td>
<td>47%</td>
<td>8%</td>
<td>31%</td>
<td>61%</td>
</tr>
<tr>
<td>Leveraged ETFs (N=166)</td>
<td>23%</td>
<td>46%</td>
<td>31%</td>
<td>12%</td>
<td>34%</td>
<td>54%</td>
</tr>
<tr>
<td>Municipal bonds (N=114)</td>
<td>27%</td>
<td>38%</td>
<td>35%</td>
<td>22%</td>
<td>41%</td>
<td>37%</td>
</tr>
<tr>
<td>Treasury bonds (N=62)</td>
<td>42% ↑</td>
<td>35%</td>
<td>24%</td>
<td>21%</td>
<td>37%</td>
<td>36%</td>
</tr>
<tr>
<td>Corporate bonds (N=127)</td>
<td>30%</td>
<td>49%</td>
<td>21%</td>
<td>27%</td>
<td>37%</td>
<td>36%</td>
</tr>
<tr>
<td>Exchange-Listed stocks (N=479)</td>
<td>17% ↑</td>
<td>47%</td>
<td>36%</td>
<td>10%</td>
<td>37%</td>
<td>53%</td>
</tr>
<tr>
<td>American Depository Receipts (ADRs) (N=214)</td>
<td>23%</td>
<td>57%</td>
<td>20%</td>
<td>13%</td>
<td>61%</td>
<td>26%</td>
</tr>
<tr>
<td>Listed stock options (N=513)</td>
<td>10%</td>
<td>36%</td>
<td>53%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Index options (N=200)</td>
<td>8%</td>
<td>38%</td>
<td>54%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>LEAPS or Long-term options (N=191)</td>
<td>14%</td>
<td>41%</td>
<td>44%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Currency options (N=19) **</td>
<td>7%</td>
<td>11%</td>
<td>81%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Certificates of deposit (N=94)</td>
<td>42%</td>
<td>48%</td>
<td>10%</td>
<td>34%</td>
<td>35%</td>
<td>31%</td>
</tr>
<tr>
<td>Futures (single stock, indices, commodity) (N=99)</td>
<td>20%</td>
<td>38%</td>
<td>43%</td>
<td>22%</td>
<td>26%</td>
<td>52%</td>
</tr>
<tr>
<td>Money markets (N=281)</td>
<td>34%</td>
<td>55%</td>
<td>11%</td>
<td>30%</td>
<td>56%</td>
<td>14%</td>
</tr>
<tr>
<td>Unit investment trusts (N=54)</td>
<td>19%</td>
<td>50%</td>
<td>31%</td>
<td>19%</td>
<td>62%</td>
<td>20%</td>
</tr>
<tr>
<td>Gold (stocks/funds/coins) (N=216)</td>
<td>25%</td>
<td>51%</td>
<td>24%</td>
<td>28%</td>
<td>53%</td>
<td>18%</td>
</tr>
<tr>
<td>Dividend Reinvestment Plan (DRIP) (N=147)</td>
<td>14%</td>
<td>55%</td>
<td>31%</td>
<td>14%</td>
<td>60%</td>
<td>27%</td>
</tr>
<tr>
<td>Structured products (N=19) **</td>
<td>23%</td>
<td>63%</td>
<td>14%</td>
<td>16%</td>
<td>50%</td>
<td>34%</td>
</tr>
</tbody>
</table>

**Caution: Small Base

↑/↓ Options Users significantly higher/lower than Non-Options Users

Q815. Please review the same list of financial investments again. Compared to two years ago, how have your *allocation percentages* in each changed? If you invest in something now and did not two years ago, please select “same”.

BASE: CURRENTLY USE FINANCIAL INVESTMENTS AND HAVE INVESTED FOR TWO OR MORE YEARS
OPTIONS USERS ARE MUCH MORE ACTIVE TRADERS THAN NON-OPTIONS USERS.

<table>
<thead>
<tr>
<th></th>
<th>Options Users</th>
<th>Non-Options Users</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Options (N=622) Stocks (N=608) Bonds (N=161)</td>
<td>Options (N=339) Stocks (N=99) Bonds (N=99)</td>
</tr>
<tr>
<td>1 – 10</td>
<td>23% 16% ↓ 82%</td>
<td>- 39% 76%</td>
</tr>
<tr>
<td>11 – 20</td>
<td>15% 19% 10%</td>
<td>- 18% 16%</td>
</tr>
<tr>
<td>21 – 30</td>
<td>11% 19% ↑ 4%</td>
<td>- 8% 5%</td>
</tr>
<tr>
<td>31 – 40</td>
<td>7% 9% 0%</td>
<td>- 8% 2%</td>
</tr>
<tr>
<td>41 – 50</td>
<td>6% 5% 0%</td>
<td>- 5% 0%</td>
</tr>
<tr>
<td>51 or more</td>
<td>38% 32% ↑ 4%</td>
<td>- 22% 1%</td>
</tr>
<tr>
<td>Mean</td>
<td>34.2 33.2 ↑ 9.3</td>
<td>- 24.8 8.9</td>
</tr>
</tbody>
</table>

↑/↓ Options Users significantly higher/lower than Non-Options Users

Base: ALL QUALIFIED RESPONDENTS

Q850. In the past year, approximately how many trades have you made in each of the following types of investments?

A "trade" would mean either a purchase or a sale.
ROUGHLY TWO IN FIVE OPTIONS USERS ANTICIPATE INCREASING THEIR OPTIONS TRADING OVER THE NEXT YEAR.

-Options users are more likely to increase their trading of options than their trading of either stocks or bonds.

Base: ALL QUALIFIED RESPONDENTS

Q855. Over the next 12 months, do you think your trading activity in each of the following types of investments will...?
FOR OPTIONS USERS AND NON-OPTIONS USERS ALIKE, “DO IT YOURSELF” IS THE PREFERRED METHOD OF TRADING.

-Again, given the self-directed investors in our sample, this is not surprising.

<table>
<thead>
<tr>
<th>Options Users</th>
<th>Non-Options Users</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Options (N=622)</td>
</tr>
<tr>
<td>A full service broker with advisory services to execute your trades.</td>
<td>3%</td>
</tr>
<tr>
<td>A firm that provided trading tools, education and research to assist you in your trading but did not make recommendations.</td>
<td>29%</td>
</tr>
<tr>
<td>I trade directly without consulting a broker for advice.</td>
<td>68%</td>
</tr>
</tbody>
</table>

↑/↓ Options Users significantly higher/lower than Non-Options Users

Base: ALL QUALIFIED RESPONDENTS
Q840. When you traded the following types of investments within the past year, were you most likely to use...
DETAILED FINDINGS

USING A BROKERAGE FIRM
THE MAJORITY OF OPTIONS AND NON-OPTIONS USERS ARE EXTREMELY/VERY CONFIDENT THEIR PRIMARY BROKERAGE FIRM CAN MEET THEIR INVESTING NEEDS.

**Q715.** How confident are you about the ability of your primary brokerage firm to meet your investing needs over the next 12 months?

**BASE:** ALL QUALIFIED RESPONDENTS

Definitions:
- Extremely confident
- Very confident
- Confident
- Somewhat confident
- Not at all confident

**Options Users** (N=622):
- Extremely/Very Confident: 53%
- Confident: 17%
- Somewhat confident: 29%
- Not at all confident: 4%

**Non-Options Users** (N=342):
- Extremely/Very Confident: 55%
- Confident: 29%
- Somewhat confident: 14%
- Not at all confident: 2%
**WHILE OPTIONS USERS HAVE MULTIPLE ACCOUNTS, THEY TEND TO FOCUS THEIR OPTIONS TRADING IN A SINGLE ACCOUNT.**

- On average, Options Users have nearly 4 brokerage accounts vs. 3 for Non-Options Users.
- However, nearly three in five Options Users use a *single brokerage firm* to trade Options.

<table>
<thead>
<tr>
<th>Total Accounts</th>
<th>Options Users (N=622)</th>
<th>Non-Options Users (N=342)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>11%</td>
<td>21%</td>
</tr>
<tr>
<td>2</td>
<td>23%</td>
<td>29%</td>
</tr>
<tr>
<td>3</td>
<td>25%↑</td>
<td>19%</td>
</tr>
<tr>
<td>4</td>
<td>14%</td>
<td>10%</td>
</tr>
<tr>
<td>5</td>
<td>10%</td>
<td>8%</td>
</tr>
<tr>
<td>6</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td>7</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>8</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>9</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>10</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Mean</td>
<td>3.7↑</td>
<td>3.1</td>
</tr>
<tr>
<td>Median</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Options Accounts</th>
<th>Options Users (N=622)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>58%</td>
</tr>
<tr>
<td>2</td>
<td>29%</td>
</tr>
<tr>
<td>3</td>
<td>8%</td>
</tr>
<tr>
<td>4</td>
<td>2%</td>
</tr>
<tr>
<td>5</td>
<td>1%</td>
</tr>
<tr>
<td>6</td>
<td>1%</td>
</tr>
<tr>
<td>7</td>
<td>0%</td>
</tr>
<tr>
<td>8</td>
<td>1%</td>
</tr>
<tr>
<td>9</td>
<td>0%</td>
</tr>
<tr>
<td>10</td>
<td>0%</td>
</tr>
<tr>
<td>Mean</td>
<td>1.7</td>
</tr>
</tbody>
</table>

*↑/↓ Options Users significantly higher/lower than Non-Options Users

**BASE:** ALL QUALIFIED RESPONDENTS

**Q830.** How many brokerage accounts do you have in total across all the different brokerage firms that you use?

**BASE:** OPTIONS USER AND MORE THAN 1 BROKERAGE ACCOUNT

**Q835.** How many different brokerage firms do you use to trade options?
THREE IN FOUR OPTIONS USERS WHO USE BROKERS FOR ADVICE CONSIDER THEM TO BE EXTREMELY OR VERY KNOWLEDGEABLE.

BASE: OPTIONS USER AND HAS A BROKER/FINANCIAL SERVICES FIRM AND BROKER IS SOURCE OF INFORMATION
Q930. How knowledgeable is your broker/financial services firm about Options?
THREE IN FOUR OPTIONS USERS STAY WITH THEIR BROKERS.

Moreover, the vast majority of Options Users are not considering changing their broker in the next year.
OPTIONS USERS ARE MORE LIKELY THAN NON-OPTIONS USERS TO TAKE ADVANTAGE OF THE “DO-IT-YOURSELF” SERVICES OFFERED BY THEIR BROKERS.

- Non-Options Users are more likely to take advantage of the advisory services offered.

NA = Not Applicable

↑/↓ Options Users significantly higher/lower than Non-Options Users

Base: ALL QUALIFIED RESPONDENTS

Q825. What types of investment/brokerage services do you use on a regular basis? Please select all that apply.
DETAILED FINDINGS

OPTIONS USERS
AT OPPOSITE ENDS OF THE SPECTRUM, OPTIONS USERS ARE MOST KNOWLEDGEABLE ABOUT EXCHANGE-LISTED EQUITY OPTIONS AND LEAST KNOWLEDGEABLE ABOUT CURRENCY OPTIONS.

Base: OPTIONS USERS
Q906. How knowledgeable do you feel you are about the following types of investments?
ABOUT TWO IN FIVE OPTIONS USERS FEEL KNOWLEDGEABLE ABOUT INDEX OPTIONS, LEAPS OPTIONS AND/OR ETF OPTIONS.

**Base:** OPTIONS USERS  
**Q906.** How knowledgeable do you feel you are about the following types of investments?
BY FAR, KNOWLEDGEABLE OPTIONS USERS GET THEIR INFORMATION ABOUT OPTIONS FROM THE INTERNET, FOLLOWED BY THEIR BROKERAGE FIRM.

Note: Options Users were allowed to select more than one answer when reporting their information sources.
OPTIONS USERS USING THE INTERNET ARE MOST LIKELY TO VISIT YAHOO!FINANCE, FOLLOWED BY SEEKING ALPHA, MOTLEY FOOL AND MARKET WATCH.

Internet sites you visit to get information about options*

- Yahoo! Finance: 62%
- Seeking Alpha: 44%
- Motley Fool: 36%
- Market Watch: 36%
- The Street: 32%
- Bloomberg: 28%
- Options Exchanges: 26%
- The Options Industry Council: 18%
- MSN Money: 16%
- InvestorPlace: 10%
- Broker/Broker’s Website: 4%
- Option Pit: 3%
- Option Vue: 2%
- CNBC: 2%
- Other: 6%

Note: Options Users were allowed to select more than one answer when reporting the internet sites they use.

BASE: USES THE INTERNET (N=386)
Q915. Please indicate which Internet sites you visit to get information about options? Please select all that apply. *Responses of 2% or more shown
OPTIONS USERS WHO READ MAJOR FINANCIAL PUBLICATIONS ARE EVENLY DIVIDED BETWEEN THOSE WHO PREFER PRINT, ONLINE OR BOTH.

Use each of the following formats

**Barron’s (N=93)**
- Print only: 29%
- Online only: 30%
- Both Print and Online: 41%

**Wall Street Journal (N=107)**
- Print only: 31%
- Online only: 36%
- Both Print and Online: 33%

**Investment magazines (N=121)**
- Print only: 35%
- Online only: 24%
- Both Print and Online: 41%

**BASE: READS SELECTED PUBLICATIONS**

**Q921.** For each of the following publications where you get your information about options, please indicate if you use the print or online version, or both.
Options Users Trade Options Primarily to Increase Income on Their Current Portfolios and for Short-Term Gains.

Reasons Have Traded Options in the Past 12 Months

- To increase income on current investment: 76%
- For short-term gains/speculation: 67%
- Leverage/large gain on small investment: 42%
- Stock alternative/substitute: 42%
- To protect (hedge) an investment against losses: 39%
- Selling puts to acquire stock: 39%
- Calls to sell stock: 1%
- Selling for income: 1%
- Other: 2%

Main Reason Have Traded Options in the Past 12 Months

- To increase income on current investment: 40%
- For short-term gains/speculation: 27%
- Leverage/large gain on small investment: 11%
- Stock alternative/substitute: 7%
- To protect (hedge) an investment against losses: 5%
- Selling puts to acquire stock: 6%
- Calls to sell stock: NA
- Selling for income: NA
- Other: 4%

**Base:** Options User

Q940: What are the reasons why you have traded Options in the past 12 months? Please select all that apply.

**Base:** More than one reason selected

Q942: What is the main reason why you have traded Options in the past 12 months?
DETAILED FINDINGS

NON-OPTIONS USERS
ONE-THIRD OF NON-OPTIONS USERS HAVE TRADED OPTIONS IN THE PAST.

Non-Options Users (N=342)

Yes
30%

No
70%
FOR NON-OPTIONS USERS WHO TRADED OPTIONS IN THE PAST, LACK OF KNOWLEDGE AND/OR TIME ARE THE MAIN REASONS THEY STOPPED TRADING OPTIONS.

- Seven in ten of these Non-Options Users say they would consider trading options again.

**Reasons Have Not Traded Options in the Past 12 Months**

- Insufficient knowledge/understanding: 38%
- Takes too much time to manage: 34%
- Too speculative/risky: 25%
- Current economic/market environment: 21%
- High cost: 9%
- No profit/Loss of money: 3%
- Am currently learning: 2%
- Satisfied using other means: 2%
- Declined to answer: 1%
- Other: 7%

**Would Consider Trading Options Again**

- Yes: 71%
- No: 19%
- Not sure: 10%

---

**BASE: NON-OPTIONS USER WHO HAS TRADED OPTIONS BEFORE (N=105)**

Q945. What are the reasons you have not traded Options in the past 12 months? Please select all that apply.

Q950. Would you consider trading Options again?
THE SMALL NUMBER OF NON-OPTIONS USERS WHO WOULD NOT CONSIDER TRADING OPTIONS AGAIN SAY IT IS BECAUSE OPTIONS ARE TOO RISKY OR THEY DON’T HAVE THE TIME.

**Q955.** What are the reasons why you are not considering trading Options in the future? Please select all that apply.
FOR NON-OPTIONS USERS WHO HAVE NEVER TRADED OPTIONS, LACK OF KNOWLEDGE IS THE MAJOR STUMBLING BLOCK.

- Only one in three say they would not be interested in trading options in the future, offering brokerage firms a window of opportunity to attract new options investors.

**Reasons Have Never Traded Options**

- Have little knowledge/understanding of options: 83%
- Too many unknowns: 31%
- Too speculative/risky: 30%
- Not qualified/not approved: 12%
- Takes too much time to manage: 11%
- Financial advisor has not mentioned options as an investment choice: 7%
- High cost: 3%
- Retired/Near retirement: 1%
- Other: 4%

**Would Consider Trading Options in the Future**

- Yes: 27%
- No: 34%
- Not sure: 39%

*BASE: NON-OPTIONS USER WHO HAS NEVER TRADED OPTIONS BEFORE (N=237)*

Q960. What are the reasons why you have never traded Options? Please select all that apply.

Q965. Would you be interested in trading Options in the future?
APPENDIX

ONLINE ACTIVITIES AND SOCIAL MEDIA
OPTIONS USERS: PROFILE OF SOCIAL NETWORKING ACTIVITIES.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Options Users (N=622)</th>
<th>Avg # of Hours/Wk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase something online</td>
<td>87% (N=535)</td>
<td>1.5</td>
</tr>
<tr>
<td>Use a smartphone</td>
<td>71% (N=440)</td>
<td>10.2</td>
</tr>
<tr>
<td>Watch streaming video</td>
<td>60% (N=366)</td>
<td>4.5</td>
</tr>
<tr>
<td>Read blogs or discussion forums written by others</td>
<td>46% (N=285)</td>
<td></td>
</tr>
<tr>
<td>Access web feeds from subscribed sources/RSS feeds</td>
<td>35% (N=220)</td>
<td>5.1</td>
</tr>
<tr>
<td>Download podcasts</td>
<td>32% (N=192)</td>
<td>2.1</td>
</tr>
<tr>
<td>Interact with others using social networking websites</td>
<td>28% (N=171)</td>
<td>2.8</td>
</tr>
<tr>
<td>Update user profile or user contact list on professional websites</td>
<td>26% (N=161)</td>
<td>0.8</td>
</tr>
<tr>
<td>Update user profile or user contact list on social networking websites</td>
<td>22% (N=127)</td>
<td>1.0</td>
</tr>
<tr>
<td>Interact with others using professional networking websites</td>
<td>22% (N=131)</td>
<td>1.0</td>
</tr>
<tr>
<td>Read micro-blogs written by others (such as tweets)</td>
<td>13% (N=79)</td>
<td>2.5</td>
</tr>
<tr>
<td>Maintain a personal blog or discussion forum</td>
<td>4% (N=25)**</td>
<td>2.9</td>
</tr>
<tr>
<td>None of these</td>
<td>4%</td>
<td>NA</td>
</tr>
</tbody>
</table>

** Caution: Small Base

↑/↓ Options Users significantly higher/lower than Non-Options Users

BASE: ALL QUALIFIED RESPONDENTS
Q1045. Please indicate if you participate in any of the following online activities?
BASE: PARTICIPATES IN SELECTED ONLINE ACTIVITIES
Q1051. Approximately how many hours do you spend doing each of the following online activities per week?
### Non-Options Users: Profile of Social Networking Activities

**Non-Options Users (N=342)**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Users (N=342)</th>
<th>Avg # of Hours/Wk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase something online</td>
<td>88% (N=300)</td>
<td>1.6</td>
</tr>
<tr>
<td>Use a smartphone</td>
<td>68% (N=233)</td>
<td>10.3</td>
</tr>
<tr>
<td>Watch streaming video</td>
<td>53% (N=182)</td>
<td>4.3</td>
</tr>
<tr>
<td>Read blogs or discussion forums written by others</td>
<td>43% (N=140)</td>
<td>4.1</td>
</tr>
<tr>
<td>Access web feeds from subscribed sources/RSS feeds</td>
<td>41% (N=147)</td>
<td>4.8</td>
</tr>
<tr>
<td>Download podcasts</td>
<td>22% (N=77)</td>
<td>2.7</td>
</tr>
<tr>
<td>Interact with others using social networking websites</td>
<td>32% (N=110)</td>
<td>2.9</td>
</tr>
<tr>
<td>Update user profile or user contact list on professional networking websites</td>
<td>29% (N=101)</td>
<td>0.8</td>
</tr>
<tr>
<td>Update user profile or user contact list on social networking websites</td>
<td>26% (N=89)</td>
<td>1.2</td>
</tr>
<tr>
<td>Interact with others using professional networking websites</td>
<td>26% (N=89)</td>
<td>1.1</td>
</tr>
<tr>
<td>Read micro-blogs written by others (such as tweets)</td>
<td>13% (N=44)</td>
<td>3.1</td>
</tr>
<tr>
<td>Maintain a personal blog or discussion forum</td>
<td>4% (N=12)**</td>
<td>1.1</td>
</tr>
<tr>
<td>None of these</td>
<td>4%</td>
<td>NA</td>
</tr>
</tbody>
</table>

**Caution:** Small Base

**Base:** All qualified respondents

**Q1045.** Please indicate if you participate in any of the following online activities? Please select all that apply.

**Base:** Participates in selected online activities

**Q1050.** Approximately how many hours do you spend doing each of the following online activities per week?
**DEMOGRAPHICALLY, THERE IS LITTLE DIFFERENCE BETWEEN OPTIONS AND NON-OPTIONS USERS.**

-ALTHOUGH OPTIONS USERS TEND TO BE SLIGHTLY YOUNGER, MOSTLY MALE AND MORE LIKELY TO LIVE OUT WEST.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Options Users (N=622)</th>
<th>Non-Options Users (N=342)</th>
<th>Marital Status</th>
<th>Options Users (N=622)</th>
<th>Non-Options Users (N=342)</th>
<th>Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>93% ↑</td>
<td>83%</td>
<td>Never married</td>
<td>13%</td>
<td>9%</td>
<td>Executive or manager in a large company (more than 1,000 employees)</td>
</tr>
<tr>
<td>Female</td>
<td>7%  ↓</td>
<td>17%</td>
<td>Married or Civil union</td>
<td>72%</td>
<td>73%</td>
<td>Executive or manager in a medium company (between 200 and 1,000 employees)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Divorced</td>
<td>10%</td>
<td>10%</td>
<td>Executive or manager in a small company (less than 200 employees)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Separated</td>
<td>1%</td>
<td>1%</td>
<td>Business owner</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Widow/Widower</td>
<td>1%  ↓</td>
<td>4%</td>
<td>Professional (doctor, lawyer, etc.)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Living with Partner</td>
<td>3%</td>
<td>2%</td>
<td>Independent investor</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Other</td>
</tr>
<tr>
<td>18 – 24</td>
<td>1%</td>
<td>0%</td>
<td></td>
<td></td>
<td></td>
<td>Retired</td>
</tr>
<tr>
<td>25 – 34</td>
<td>4%</td>
<td>3%</td>
<td></td>
<td></td>
<td></td>
<td>Not employed at this time</td>
</tr>
<tr>
<td>35 – 44</td>
<td>7%</td>
<td>6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>45 – 54</td>
<td>15%</td>
<td>14%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>55 – 64</td>
<td>32%</td>
<td>27%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>65 – 74</td>
<td>33%</td>
<td>37%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>75 or older</td>
<td>8%  ↓</td>
<td>14%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>60.2  ↓</td>
<td>62.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grade school/attended high school</td>
<td>1%</td>
<td>0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High School/Trade School (Net)</td>
<td>6%</td>
<td>9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended College/Associated Degree</td>
<td>12%</td>
<td>13%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduated from four-year college/Postgraduate/Master’s/Doctorate</td>
<td>80%</td>
<td>77%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
<td>2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Geography (U.S. Residents Only)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>East</td>
<td>18%</td>
<td>19%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Midwest</td>
<td>16%</td>
<td>26%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South</td>
<td>36%</td>
<td>32%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West</td>
<td>30%  ↑</td>
<td>23%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Own Home</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>90%</td>
<td>92%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>10%</td>
<td>9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Numbers may not add to 100% due to rounding.