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## **The efficiency of the Finnish Equity Options and Futures Markets: A Review of Empirical Evidence**

The development of Finnish derivatives markets has followed trends in international financial markets. Trading in derivative products – with the exception of currency forwards – did not start until fairly late in Finland because of the underdeveloped state of the financial markets in general. Up to the mid-80's trading in derivative instruments was confined mainly to OTC forward contracts offered by banks. Trading in derivative products based on shares started in 1987 along with the rapid expansion of the equity market and the commencement of operations by two derivatives exchanges in Finland, the Finnish Options Exchange (FOEX) and the Finnish Options Market (SOM).

The purpose of this survey is to review the recent relevant research on the Finnish stock and stock index derivatives markets. Several empirical studies are examined, the topics of which cover a wide range of market efficiency tests. First, we briefly review development of the Finnish derivatives markets. Then, we review the studies that have looked for the presence of risk-free arbitrage opportunities. Thereafter, we present a survey of the studies that have dealt with the informational efficiency of the Finnish equity index options and futures markets.