



ETFs and Their Impact on Bid-Ask Spread

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INTRODUCTION

The growth in passive fund investment has been steadily increasing over the last two decades. Within the US, passive funds grew by 138% from 2007-2017 and have about 15% share of total outstanding securities (Sushko et al.). Exchange Traded Fund, commonly known as ETFs VIX and ETFs

SCATTER PLOT

High-low spread of S&P 500 against VIX and ETFs

High-low spread of NASDAQ 100 against VXN and ETFs