

An Entry-Exit Model for Online Securities Trading Business

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Abstract

This paper considers optimal entry and exit decision for the online securities trading business facing both technological and economic uncertainties. Besides, we focus on the investment project that takes construction time to build up completely. This paper presents a numerical example of Taiwan stock exchange market and solves the optimal entry and exit trigger values by numerical simulation in a proposed decision model. In addition, the differences between the real options approach (ROA) and the method of Marshallian concept are discussed. A sensitivity analysis for related parameters is also conducted by numerical simulation. The conclusions provide some valuable references for securities trading firms to make decisions with a new way of thinking for entry and exit the online securities trading business project.

Keywords: Online Securities Trading, Real Options Approach, Time to Build.