

Does Put–Call Parity Hold in China? Evidence from a Decade of Market Data

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Abstract: This study aims to find the answer to a question: Does put–call parity hold in China? Using a long sample period from 2015 to 2024 and a comprehensive dataset of over 369,000 matched put–call pairs, it examines the evolution of parity deviations in the Chinese options market. The results show that significant violations were prevalent in the early years, driven by structural market frictions and regulatory constraints. However, these deviations declined steadily over time. By 2024, most were economically negligible and statistically insignificant. The findings highlight a clear improvement in market efficiency as the Chinese options market matures.

Keywords: Put–Call Parity, Chinese Options Market

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