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ETF Trading

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ETF Trading

ETFs are designed to track a particular underlying index. As these "baskets" of securities are traded, excessive demand or supply of shares can cause a disparity between the price of the ETF and the underlying value of securities held. However, because of the ability of large institutions to trade directly with the ETF firm to create and redeem shares, arbitrage keeps prices in line. [See article here, WSJ.](#)

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