



Asset International

FITEL

Settling snafus

NEW YORK - Officials of Fitel claim the Channel Islands-based firm has developed a product that will help eradicate the post-trade settlement snafus that now plague global equity trading. Called Equinet, the product provides a worldwide communications network and database which links global securities traders with their clients and custodial banks. The system aims to rid the business of all back office foul-ups by simplifying the processes involved with settling international trades, "which now fail at a rate of 40%," says Fitel CEO Graciela Chichilnisky.

Fitel, which has its main-frame central computer in London, began commercial operations in January this year. Wells Fargo, one of the largest US global fund managers, was the first institution to go on line to Equinet, following a trial run involving Salomon Brothers, Bear Stearns and First Chicago Bank. It is currently being tested by other US and UK securities firms, and last week was extended to Paris as well.

Equinet drew praise from brokerage officials familiar with the system at a seminar for Fitel last week hosted by General Electric Information Services Company. GEISCO already has an established relationship with Euroclear and Cedel, which use its communications networks for their Eurobond

clearing services. According to Joseph Anastasio, director for international operations at Salomon Brothers, the EQUINET system is "the missing link providing a service for all parties concerned in a trade - clients think it is the best thing since apple pie."

Current moves by the International Securities Clearing Corporation to initiate the link-up of two of the largest exchanges - London and New York - were applauded by Fitel's Chichilnisky. But, she says, the fact is "that the most dynamic segment of the international trade expansion is over-the-counter trade, which does not go through exchanges." The costliest mistakes are made when all parties to a trade fail to be correctly informed, and the problem "cannot be dealt with by the linking of exchanges, which only link brokers," she says.

Equinet officials claim its best feature is its easy adaptability to user needs. For clients with low volume usage, an ordinary IBM compatible PC terminal and modem are all that are necessary to gain access to the system. Payments for system usage are calculated on a per trade basis.