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Broker Backlog

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The markets in the U.S., where there's been a tradition of technology and use of computers for 20 or 30 years, are probably the best equipped to handle the onslaught that was put upon them in October. That is not the case in any of the other markets outside of the U.S. In the U.K. and all over Europe and in Asia there are problems related to the settlements, backlog and the inefficiencies of securities transfer and registration that are just not going away.

On the analysis side, the technology didn't have much impact on the crash. I think there's no relationship between program trading and the market volatility. In terms of execution, the technologies might have added oil to the wheels. But the problem is not with the exchanges. They were able to clear trades of 600 million shares. The brokerage houses were the ones, I think, that asked the exchanges to slow down the volumes and give them more time. The problems probably come from the fact that all these brokerages have a lot of backlog and their own systems are not as geared up as they would like them to be. ■