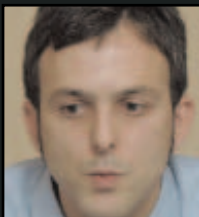


# Brave new world

## Participants



**Steven Frazer**  
Editor  
Shares



**Dr Stephen Barber**  
Head of Research  
Selftrade



**Will Burge**  
Brokerage  
Barclays Wealth



**Paul Howard**  
Product Manager  
TD Waterhouse



**Michelle Gibson**  
Director Private Investor  
Products  
ABN Amro

**As the world gets smaller and technology opens up markets like never before, how are brokerages making the most of these opportunities? Will online trading change the way we invest?**

**Steven Frazer:** How has the emergence of spread betting impacted stockbroking?

**Will Burge:** We've seen spread betting grow extensively, as well as CFDs. I think it's becoming more prevalent. I'm not sure there's a threat to traditional stockbrokers per se, rather it's something that runs alongside it. I think we're seeing stockbrokers move into that space and embrace the spread betting phenomenon. There's room in everybody's portfolio to take on spread bets to complement the trading that they're already doing, whether it's active trading or just one trade a month or a year, this could help in anybody's balanced portfolio. This type of product can be used to help hedge positions that clients may be holding and can also allow the investor coverage of products and markets that would otherwise be difficult under traditional equity trading, such as foreign markets, currencies or commodities.

**Stephen Barber:** I see spread betting or CFDs complementing many of the products and services that are already made available by existing stockbroking services. Clearly, different products meet different investment needs and spread betting or CFDs meet particular needs of a particular type of investor. And we've seen in recent months broadly speaking these products have accounted for something like a fifth of Stock Exchange volumes. From what I can see CFDs and spread betting have been embraced by stockbrokers. It's become particularly popular with certain segments of the client base and particularly the sort of underlying thing that it allows those clients to have access to commodities has been something that's been especially attractive.

**Michelle Gibson:** The prominence and increased usage in both Spread betting and CFDs is to some degree competition to traditional stock broking business. Many spread betters and CFD traders have emerged from a traditional share trader base. Increasingly, we have seen investors using marketindex CFDs to hedge against risk in their other investments, using the leverage offered this can be done without tying up large amounts of capital. Although the overall pool of retail investors managing their own portfolios is increasing and there is increased liquidity in the retail market, there is a finite amount of resources. Spread betting and CFD products compete for investment monies with traditional share trading, ISAs and ETFs. I think this will lead to people diversifying not just within their portfolios across different sectors and asset classes, but also diversifying in the types of products they're investing in. Therefore I expect to see people having CFDs and spread betting accounts as well as their other investments. There is room for both as they service different risk return profiles and combined help to create a diversified investment portfolio.

**SF:** We have an issue of consolidation going on within the stockbroking environment. Might spread betting companies become attractive to stockbroking firms, and what are the drivers behind stockbroking companies coming together at the moment?

**Paul Howard:** I think cost is the overall driver behind consolidation, it certainly has been over the last few years. Obviously as brokerages we've all

got factories, back offices, and you need volume to fill that factory in order to drive your costs down and be efficient. If you can drive your costs down with technology then you can make money on lower commissions and therefore you get a virtuous circle. I would say that drive will continue.

**SB:** When we launched the business, pushing eight years ago, there were 15-odd online brokers and we said then there was going to be some consolidation and there has been. We've been involved in it, as

have others. Partly I think that 15 was probably too many and we're probably now closer to a realistic number of major broking players. Partly the industry itself lends itself to those types of changes. Your beginning question was about whether you'd see consolidation between brokers and CFD and spread betting companies, although you said partnership, and I think certainly we've seen partnership and brokers - Selftrade's one of them - work in partnership with CFD and spread betting companies to make a CFD and spread betting service properly available to their customers and I think that will continue. Whether we'll see proper consolidation between the two industries I think remains to be seen, but it certainly could happen.

**WB:** I think in that scenario, you end up with a low cost base for the brokers themselves who have partnered up with various CFD/Spread Betting providers and the benefits of this can be passed on to the client. And we've seen just about every broker begin to push into CFDs and spread betting, and that again has increased competition, which can only be a good thing for the client. We're beginning to see a bit of a run on lowering commissions with regards to securitised derivatives as well as the standard equities.

**MG:** I think the consolidation is underpinned by improvements in technology and it is this that has really enabled the downward pressure on costs. We will see further changes and partnership deals as this continues. ABN AMRO partnered with an FX technology specialist, leveraging their technical strengths and combining it with our cross market making ability to create our multi-asset marketindex platform. Additionally, the dissemination of information has made a significant impact. People now have access to a wide range of news and price feeds that previously were the preserve of professional traders, and we offer real time Reuters news as part of our marketindex platform. The traditional broker relationship was where you paid commissions and fees for advice and for placing the trade for you. Improvements in technology mean you can now do much of this yourself and people are less inclined to pay for the added services if they don't need to.

**PH:** It's really interesting from a consolidation perspective between brokerages in that there's three large execution-only brokerages here today, but there are still a number of smaller players and I think the interesting thing for them is how they achieve some scale and critical mass. While the market's volumes are good it's easier to get revenue. When volumes are smaller then you tend to find that those with critical mass are those that can compete most effectively. But for the small companies it might be that there are opportunities, as we've seen with CFDs, for white label services rather than just outright consolidation through purchase. So I can see more and more white labels developing.

**SF:** We've touched on commissions and I think it's been evident that



commissions have been under pressure for some time. What are driving commissions down ultimately, and how is the industry reacting to lower commissions?

**MG:** Much of decreases in commissions can be attributed to the automation and increased efficiency of electronic markets. Not only do investors have direct - or close to it - market access and a host of resources at their fingertips, but also much of the human intervention in phone dealing

and market making has been automated, driving down even traditional brokerage overheads. Our marketindex platform is fully automated, from market making through to hedging. The wider implication is that prices are lower and markets are more efficient and more transparent - for the end consumer it is a good result.

**SB:** Just thinking back, we did a round table almost exactly a year ago and we had a very similar question and the consensus we came to right around the table was that broking commissions, particularly in the execution-only arena had actually been pushed pretty low and there was probably very little appetite for them to be pushed any lower as headline rates. But what I think we all said then, and I think it's probably been shown to be correct over the year, is that although there isn't the pressure on headline rates to really be pushed down, in fact there's not much further for them to go, what you are seeing is more value for what you're paying for. So, sure, there will be frequent trader rates, and here Selftrade rates are as low as £6 per trade, there



will be regular investment schemes, in fact we've just launched one which has fund packages where we don't charge any commission on the purchases. There's access to a wider range of instruments and all these sort of things come within those low flat rates and I think also for that many investors want greater levels of support in terms of research and publications and things like that. Selftrade provides two quarterly research publications which have proved popular. So although commissions have been pushed down, I think customers will increasingly get more for their money

and there will be a wider range of services, a wider level of support.

**WB:** There will always be new clients that want to trade on the phone and will require that added service, for which a higher commission can rightfully be charged. Conversely, we could see online commissions go even lower than they are today. We've seen a bout of reductions in commissions recently, particularly in the US where Bank of America and Zacker.com

are all offering free commission depending on the size of your cash deposits with them. This competition is good for the clients and brokers will need to offer a better service and more comprehensive investment products and tools in order to remain competitive. Barclays Stockbrokers is looking to offer a wide range of investment solutions, which allows us to deal with the demand of cheaper online commissions.



**SF:** So it's really about bolstering the package of services and products available to give to the investor.

**WB:** I think so. I think it's going to be more about the research that's available, the online facilities available, the trading platforms, Level 2, limit orders. It's going to be the actual platform that sells itself, the service that you get.

**PH:** I think it's interesting to look back. The execution-only brokerage service is really still quite young and the initial impetus behind it was demutualisation and privatisation, around £25 a trade cheapest, certificated and you traded on the telephone. To the point about technology, now the vast majority of trades are conducted online, which helps fill the factory with volume, so you can bring your costs down and pass that on in pricing. I don't necessarily think that commissions will ever be free on a permanent basis because the service would be perceived as being of no value. But what brokerages have done – and they've done very successfully – is extend the range of services and increase the level and the quality of service while prices have fallen. So the telephone is very much there, but it's there for deals out of market size or more difficult transactions that will never easily be automated. Five years ago we wouldn't be sitting here talking about CFDs, FSB, SIPPs, and all the other things that you can do now. In today's market the end customer is getting a much wider package and a much better value package than they've ever had.

**SF:** There's clearly been a lot more interest from UK-based investors for US and EU stocks? What is the stockbroking industry doing about this growing desire?

**MG:** I believe that this trend is going to continue as investors are becoming more sophisticated and more knowledgeable about global markets. We see strong interest and activity in foreign market baskets and certificates such as India, Nifty 50 and BRIC. Somewhat as a consequence of heightened foreign investment was the trading halt in India recently. People have information about and are aware of the global economies – they can see opportunities and relish the chance to participate in them. Electronic trading, particularly CFDs and spread betting, allows people to participate in those market movements without the hassle of actually owning the physical or trading with the foreign exchange directly.

**PH:** There are a great many ways where people can access things globally now. You can buy a fund that matches your needs, if that's Pacific Rim or whatever. Increasingly you can go on live markets, and not just North America any more, also Europe, we've seen that move online as we've done this summer. I think where there's appetite then brokerages will want to tap into that. And I think the interesting thing going forward is the tiger economies, like China and India. That's going to have more and more resonance to customers when the demand's there.

**SF:** Isn't there still quite limited access through to direct investment in some of those emerging economies?

**WB:** Yes. We at Barclays Stockbrokers have seen an increase in appetite for international stocks and markets. Clients are looking for a more balanced portfolio and it's good that they're diversifying risk and looking at other markets. Certainly for Europe and the US we've seen a good increase in trades, people are beginning to dip their toes elsewhere, maybe not by trading directly in the market as you're suggesting, but possibly through ETFs and, as Paul's pointed out, funds.

**SB:** I agree. We are seeing an opening up of opportunities into markets beyond Europe and beyond North America into China particularly, exciting opportunities, South America, India, accessing through funds, through unit trusts, through exchange-traded funds and also through covered warrants and instruments like that. There's also quite a large range of investment trusts which give access to these markets and certainly in terms of providing research for investing clients, yes, they're just the sort of thing we want to be able to provide commentary on and getting expert commentary on China, on South America, on India and on wider markets and really be able to give investors not just ideas of in which markets to invest, but through which instruments are the most appropriate for their investment needs.

**SF:** Very active investors often choose to do it themselves and not just hand cash to a fund manager.

**SB:** That's a wider question about collectives. Some investors like to be actively involved in the selection of direct equities. But you can imagine someone who has a diversified portfolio of maybe UK, US, European shares, wanting access to China or to Russia. It's still a pretty daunting geographical area just to say 'Well I'm going to be able to select the equities within these markets.' But being able to get some geographical exposure in a diversified portfolio is massively important I think and that's just where collectives, whether that's a unit trust or exchange-traded funds or even an investment trust company, come in.

**WB:** I think we will see an increase in the number of collectives and in trading of collectives as the initial sales charges begin to come right down. We're certainly seeing huge interest in iShares covering China, BRIC, Brazil, Korea – easy access and very low cost. The European Blue-Chip Investment

Note that we've recently launched was actually closed early because of the interest we had in it. There's a guaranteed protection on all those products, so if the market turns you are given some protection.



**SF:** There's a whole political hurdle to overcome as well.

**PH:** I think there are enormous cultural barriers still in these places. You know these economies are going away like a train, but who and what are the companies that are driving that? They're not necessarily household names or anything that we would recognise yet. Contrast some of the most popular companies available, whether

that's UK, America, Europe, they're all household names, they're in our media, they're in our mindset and those in these emerging economies still aren't. And maybe over time, perhaps we might be talking quite a number of years, those companies will become recognised in the way Nokia has in

► Finland. Everybody's got a phone and a lot of the phones are Nokias and therefore the company becomes something more tangible.

**SF:** Despite quite a lot being written about MiFID a lot of investors are still pretty much confused as to what it really means to them. What are your views on MiFID, and how is it going to affect UK investors?

**WB:** It can only be a good thing for the investor. MiFID is a common regulatory framework across the EU and it gives a harmonised investor protection. I think it gives transparency to the client, they will be classified under a set agenda, the appropriate tests and suitability for specific products and the information reporting that goes with MiFID again is going to open up the transparency for products, charges and how those charges are shared between entities.

**SB:** I'd agree with that. It's not necessarily more regulation, it's just a common regulation, so it's having a more common regulatory environment across Europe. I suspect in many respects UK investors probably won't tell that much different. There's slight changes in how complex instruments are dealt with from an appropriateness level. There's a slight change in how limit orders are displayed and things like that. So cumulatively it's taking us into a common framework and that can only be a good thing, but I suspect that there won't be a massive change in investors' perceptions.

**MG:** I think the industry itself – particularly in the UK and Germany, where marketindex is mostly present – was already practicing many of the mandates contained within MiFID. For example we were already looking at appropriateness and suitability of various products for our customers. For those investors they will not see many changes with the introduction of MiFID. What MiFID has done for the rest of Europe is to lay the foundation for all financial service providers across Europe to adhere to the same standard. It is right that investors can expect a minimum level of care wherever, in Europe, their service is being provided from. It does open up the financial services market to increased competitiveness from other firms but for us as a provider it also opens up increased market opportunities to expand within Europe. This should increase the choice for UK and European investors alike by supporting growth and competitiveness, ultimately leading to improved and more specialised services for investors.

**PH:** I think the great thing about the FSA is that 95% of the regulations were already there, were already being followed. I think the majority of good quality brokerages in the execution-only space have needed to make very little or just very subtle changes. But in the longer term the changes that have been brought in are probably more far-reaching for states in Europe that perhaps worked in very different ways to the UK, or perhaps had no regulation at all, and therefore MiFID brings them up to us in terms of a level playing field. So in the future, there may be European brokerages already plotting to come over to the UK, but equally it gives businesses in the UK the opportunity to go into Europe and develop new client bases.

**PH:** If there's any effect in the short term it should be one of confidence on the investor's part. Confidence in what's been going on in London in the past and going on into the future. And if investors are confident then they're more likely to invest.

**SF:** I wonder to what extent many investors might have received chunky documentation from their broker recently, and they're wondering what's lurking in that stack of paperwork?

**PH:** One concern we had is making sure that in that communication you try to get the message across, and the message is much more than 'Here's the new terms of service, why don't you read them?' So what we've tried to do is a précis in a covering letter that says 'What does this mean for you? What are the changes that you might see and experience?'

**MG:** Another positive aspect of MiFID was that it was proactive rather than reactive; some other regulations like SOXA were implemented after something happened. Perhaps one thing that could have been made more prominent in the communication of MiFID to the wider investment community was that it was proactively designed to support and protect investors now and in the future while promoting a more competitive and transparent trading environment.

**SF:** We've seen quite a lot of change recently, thanks to Alistair Darling, for Aim and also on the main markets in terms of tax, capital gains tax specifically. How are these changes likely to actually affect investors?



**SB:** Aim's always been attractive as a very vibrant market of what tends to be much smaller companies which have great growth potential and I think that's clearly going to continue and clearly investors will still be attracted to the market for these very reasons. What Alistair Darling's put in place, which is to have a flat 18% capital gains tax regime, actually makes capital gains tax a much easier proposition generally. He's removed the taper

relief. Where the change will impact is that Aim, heretofore and beyond, had a potential 10% rate. Now, the change will come into effect next April, which means that he's in effect giving people an incentive to sell Aim stock before April and that may have some short-term consequences for the Aim market. But long term I think even if it's not attractive in the same way from a tax standpoint, it will continue to be a very attractive market to investors because it is very vibrant.

**MG:** This could cause some people to close out their Aim positions before the changes come in next year. In a time of already heightened volatility this may cause some unexpected swings in the market. However, essentially people have invested in Aim stocks because they have done their homework and seen the investment potential. I'm not sure that many individual investors in AIM make those investment decisions based on the potential of efficient tax planning. AIM is no longer a fund raising platform for entrepreneurs, it is a thriving competitive market with some sizeable capitalised organisations listed.

**SF:** Is there a danger that some investors might perceive that because of the taper relief being taken away they're not being given a premium for taking on an implied higher risk with Aim shares?

**WB:** I'm not sure about that, I think that the returns tend to speak for themselves. In 1995 there were ten companies on Aim, now there are over 1,600 companies. This period has seen considerable growth in both the Aim market and stocks. I think people are willing to take that risk in regards to the returns they may get, CGT tax changes or not.

**PH:** I think the principle of investing in an underlying share is very ►

much about your individual view of whether the company's a good investment and if there is a tax advantage then that's great, but you don't go in there in the first place because of the tax treatment.

**SF:** A very important area for a lot of investors is retirement and inheritance tax avoidance planning, using things like SIPPs. What are stockbrokers doing about developing the services on offer and how can investors make the most of them?

**PH:** I think there's a wider dimension to this. I mean that inheritance tax planning is actually vital for just about everybody. OK, we have some regulatory changes announced by the current Government, which should take a fair chunk of people out of inheritance tax again, but I think anybody going forward, particularly if they've got property as an asset, and most have, they should be thinking about what happens on death. SIPPs are a pension vehicle, and why do people invest? They invest because it's a pension and it's going to give you a pension return to provide income in retirement. If at the end of that pension you can pass on some of that asset to beneficiaries then people are going to see that as attractive. But that's a secondary consideration to the very important fact that people need pensions incomes in the first place.

**WB:** There's a great need to have proper tax planning for inheritance provision to ensure there's no substantial tax liability on death, and Barclays can offer this through its Estates and Trusts and Barclays Wealth Advisory Businesses. With regard to a SIPP, there can be the double taxation of 82% when you pass this on to your family if the pension has become an alternatively secured pension - ie you have not taken your benefits and you are over 75. If you haven't taken benefits and you are under 75, on death you can pass this on exempt from inheritance tax.

**SB:** There is one area in particular that we could add on to this in terms of inheritance tax planning, that's child SIPPs. You can contribute to a pension up to £3,600 a year without having to demonstrate earnings. So that means a child or non-earning spouse can have a pension paid into for them by someone who's a tax payer, who may be looking at inheritance tax planning. And on that £3,600 a year, on which that person's contribution receives tax relief, so in fact the contribution is £2,808, and you get the other £700-odd back from the Treasury. So it's a tax-efficient way of investing in the first place and in terms of long-term planning maybe for grandchildren - in that sense it can be very attractive.



**MG:** The introduction of SIPPs and recent media attention to inheritance tax planning has increased the awareness of the need and possibilities available to individuals. Increasing awareness is a positive aspect, as too many of us think about these things quite late in the day. People now have the opportunity to make more active decisions about their pensions, and to this end there is a growing demand from investors for us as providers to offer suitable investment vehicles to enable them to achieve

their expected goals.

**SF:** It's been a tremendously interesting year for the stock market and commodities have clearly been a massive driver. Are investors starting to get jittery, and what are your views about where the market's going?

**SB:** The market's clearly been very volatile for quite some months now and part of that is as a result of the sub-prime crisis in the States. But the worst type of market for an investor is a very flat market and we saw that a couple of years ago. I think when you've got volatility there are always opportunities for investors to profit either by making short-term investments on a more speculative basis and that can be done either in traditional equity markets or in commodities or other markets, including property and the like and through a range of instruments - ETFs, funds, investment trusts and covered warrants, all of which give you this sort of exposure, and also CFDs and spread betting.

**WB:** With more products coming to the market - exchange-traded commodities, ETFs, covered warrants for example - this is allowing clients to diversify their investments. We are seeing a period of great volatility at the moment, there's certainly bargain-hunting going on and many of our clients are looking to benefit from using puts and shorts in the market via covered warrants, CFDs and spread trading. There are more tools at the private client's disposal than there have ever been, investors are more savvy and are learning to diversify well. We are further encouraging this activity through recent marketing and online educational initiatives that promote the need for a balanced portfolio.

**MG:** Investors are bargain hunters and products like CFDs and spread betting, which allow investors to go short as well as long, give them the means to take advantage of volatility. We have seen increased trading volume around recent the volatility with some of the highest volume in August this year. We saw approximately 30 billion euros traded in one week! Volatility will continue to provide opportunities for short-term traders to make gains but there is a lesson to be learned. I think more and more investors are realising that under uncertain and volatile market conditions there are benefits to being diversified to assist in reducing their risk.

**PH:** I think the market will continue to be volatile, at least in the short to medium term. Sub-prime has some way to unwind and of course we're experiencing oil shocks as well. Who knows what else might come along next year? But for investors volatility brings opportunity as well as risks and in flat markets there is very little opportunity. But as ever, investing comes back down to doing your research, being comfortable with the stock that you're in and the principles of investment don't change. And that's the overriding thing - do your homework first. That doesn't guarantee that you're going to make money, but at least gives you some confidence in your decisions.

➤ **WB:** It's a question of managing risk and I think we've seen our clients using stop losses and limit orders more and more. You can add these to any underlying equity to limit losses or protect gains. At Barclays Stockbrokers we have the unique ability to set trailing stop losses on trade positions, these allow our clients to lock in their profits and move stop losses higher automatically when the price level increases. This increase demonstrates the client's ability to understand how to manage their risk in volatile market conditions. We've also seen a huge increase in investment note sales, particularly those with capital protection. Obviously volatility is steering people to take something with guaranteed protection. I think it's a question of education - there are the instruments and the facilities to do that now with just about every tradable product.

**SF:** You need to be quick on your feet about how you use stop losses and can't necessarily have a blanket policy.

**PH:** It's very much back to not just looking at the price feeds and the graphs or even doing charting, but reading the research. What do the analysts say in the market? What's the longer-term view? And that will really drive your appetite to buy/sell/hold.

**SF:** With the market seemingly being an uncertain place at the moment is this when technicals might come to the fore?

**WB:** With the launch of BARX, our professional trading platform, we've seen the take-up go through the roof. We're exceeding targets by about 120% at the moment and there does seem to be a natural attraction to charting packages that's within BARX and the more professional tools, the Level 2, the built-in technical analysis. So certainly we're seeing a huge demand for that, so I think people are beginning to look towards the technical side of things and move away from fundamentals. When we are seeing huge volumes of spread betting, CFDs, a stop loss can be taken out quite quickly. You've got to know exactly where it is and fundamentals are not necessarily going to provide that information. The volatility we have at the moment, we are going to see a much increased demand for professional trading packages.

**PH:** It comes down to the active trader versus the longer-term investor. For the active traders this kind of volatility needs professional trading tools, BARX, as you say, and TD Waterhouse has had great success with Pro-Trader over the last few years. If, however, you're more of a long-term investor, then you're going to appreciate fundamentals - that there are more peaks and troughs along the way, but as long as the general curve is on the way up then you can get a reasonable return. So I think the chartist kind of packages and everything else are absolutely key for the active people. For the longer-term investor perhaps less so - they need different research and tools to meet their needs.

**SB:** Selftrade offers a technical analysis research microsite on the website and we certainly see that being used quite actively. They look at the fundamentals, they look at news, they look at the charts. It is another piece in the armoury of building up your investment decision. Technical analysis probably shouldn't be the whole of it, but it's certainly a very useful part of it.

**MG:** Our day traders rely mostly on technical analysis to make their trading decisions because in periods of short-term volatility they can't singularly rely on fundamentals. Having a rule-based technical approach means that their decisions are emotive and investors can take advantage of market swings and trends. We also run a bespoke software package, our 'Traders' Cockpit', in which we give investors access to a combination of technical tools, fundamental analysis and community decision-making to assist them in making successful trading decisions.

**SF:** Looking to next year, and beyond, where do you see the industry as a whole going, and what are the key things to look out for from an investor's point of view?

**MG:** I would say flexibility and more choice. Our aim is to give the same trading opportunities to retail investors as intermediate investors, empowering them by providing a simple, fast trading platform, tight spreads, up-to-date news and convenient decision-making tools. There has been a large growth in web-based trading and we expect this growth to continue. Increasingly we will see more sophisticated technical analysis and decision-making tools made available to individual investors. This is one thing we are developing to deliver through our trading platforms. People are also expecting increased variety of services and in this we will see the development of intelligent portfolio tools that combine a host of different trading opportunities from a single portal.

**PH:** It's the online technology that will continue to drive things. Simple, fast, and easy

are our watchwords. Customers are looking for a one-stop shop. In terms of future predictions about where any of us will be in five or ten years, it's a great question. Who could have predicted five years ago that we'd all be sitting here talking about CFDs and FSB? There are some interesting rumblings going on, Direct Market Access is a very interesting development. Global access to live markets, the whole globalisation of our brokerage space is becoming ever-more important. And, of course, there's always a new instrument somewhere. If you come along with new instruments that are quite simple, and I guess the one that I thought of would be things like FX trading, which is still very small and is not widely available to retail clients in this country. Whether that is the next place to go for the very active trader where you've got a 24/7 global market worth trillions remains to be seen. So, some interesting times ahead.

**SB:** Trying to project yourself forwards five or ten years is quite difficult but if you think back over the last five or ten years, it really shows how far the industry has come. London is a very vibrant centre that has the ability to adapt very quickly to the environment and to investors' needs, so whatever that market's doing, whatever the political conditions are, it will create products and services to meet those needs. If you think back ten years and how far technology has come and how sophisticated it is now, it's very difficult to imagine actually how much better it's going to be in ten years' time. But it will be. It's going to be beyond what we can really speculate about here today. On a more short-term level, Selftrade is continuing to improve technology, improve the dealing platform, improve limit orders, certainly continuous development of the website, getting data and getting information and making more research available. Access to more markets, access to more instruments and, as always, more support.

**WB:** We'll see clients taking investment decisions into their hands that one step further. We're beginning to see that more and more and I think we'll see a progression of the active trader demanding almost institutional-grade services and products. Investing will evolve - we'll see the intermediate customer moving into the active space, more entry level investors coming to the markets for the first time. People will be looking for a multi-product platform. Our BARX professional platform that we have recently launched has equities and CFDs which can be researched and traded through the same platform. BARX capability will not end here however, we are adding more products and tools going forward. As Paul points out, it'll be a one-stop shop, you log on and you will have everything at your finger tips whether it's your ISA, your pension or your trading account. ■

As much as we are seeing a great bout of volatility at the moment, there's certainly bargain-hunting going on and there's certainly money to be made by using puts and shorts in the market via CFDs and FSBs