

Presentation for Federal Reserve Bank of New York Conference on Financial E-Commerce

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G-10 central bank study on E-trading in wholesale fixed income and foreign exchange markets

Issues: market structure, financial stability, risks

Market structure

- Originally:
- OTC (bilateral)
 - Segmentation (interdealer vs. dealer to client)
- E-trading:
- more hybrid situation
- Implications:
- price discovery, transparency, efficiency

Financial Stability

- Liquidity (fragmentation; in stress periods)
- Volatility

Risks

E-trading: lot of potential, but to what extent to be realised

- Technology risks
- First mover advantage
- Design, vested interests