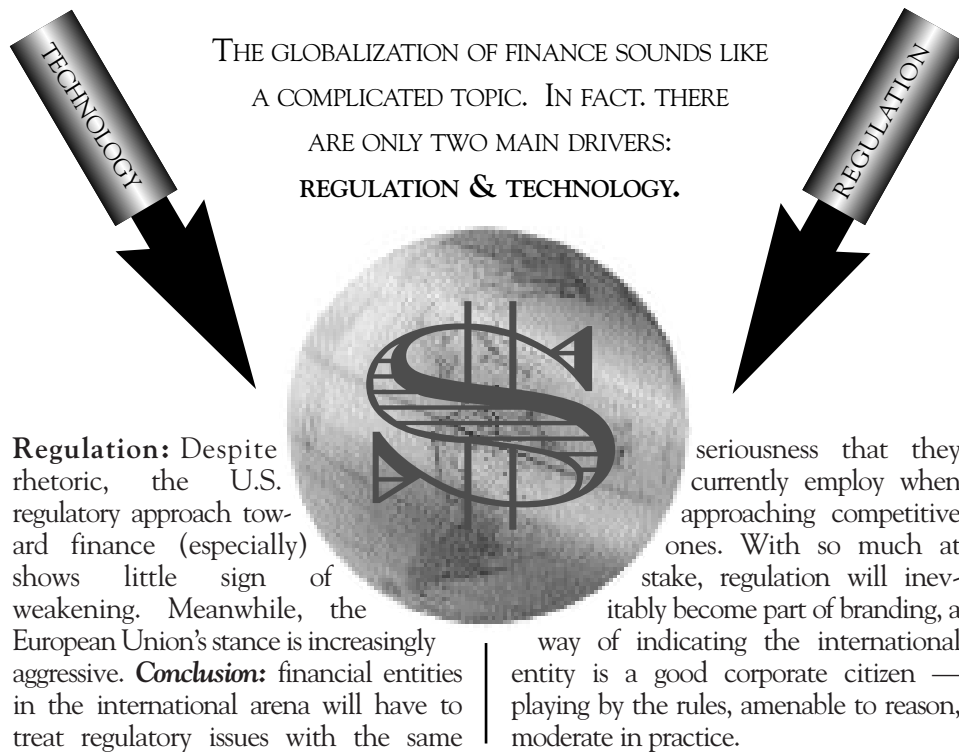


EXECUTIVE SUMMARY



Technology: This is the other important driver within the financial industry — more important than an institution's capital or even its strategic position. The wrong choices, lack of appropriate funding or diminishment of a critical mass of expertise can retard the application of technology and result in an unsuitable direction that diminishes corporate profits and opportunity and ultimately renders the corporation unfit to compete. **Conclusion:** Financial execs in the international arena must understand fully the danger and opportunity inherent in technological

innovation. IBM miscalculated the importance of personal software and the result was Microsoft, its dominant competitor. The ether-based financial sector of financial planners and advisors is now bigger than Wall Street itself. The “out-sourcing” phenomenon of American jobs is primarily due to the emergence of sophisticated communications’ technology married to computer power. Tomorrow’s world-leaders will be those with an understanding that the success of the primary financial business is a direct result of successful technological innovation and adaptation.

FOREWORD

There are two parts to this book. The first part is generated from articles by corporate boardroom consultant June Klein and focuses on corporate governance in the 21st century.

The second part by financial journalist Mark Fadiman consists of excerpted narratives from two books on technology and the financial marketplace published in the early and middle 1990s.

Mr. Fadiman and Ms. Klein both possess a deep interest in financial technology; while neither of them are “futurists” in the most disciplined sense of the word, they do share a holistic vision. They envision a centralized marketplace for capital formation, that would eventually link with other ventures or stock exchanges, as part of a worldwide trading platform accomodating enterpreneurial business efforts.

The U.S. pink-sheet market, as of this writing anyway, is still a fairly unregulated market, but Mr. Fadiman and Ms. Klein agree that further regulation is inevitable as part of a higher-profile repositioning.

Ironically, Mr. Fadiman and Ms. Klein have fairly dissimilar views on the efficacy of financial regulation itself. If pressed, Mr.

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Fadiman would express the Libertarian certainty that regulation of almost any sort — as it affects any field of human endeavor — inevitably turns out to have unforeseen negative consequences.

Ms. Klein, with her broad-based corporate background, is more sanguine about the effects of regulation and believes it has an important role to play so long as the net effect is to enhance rather than diminish market opportunities and to create fairness and more open competition.

Both agree that — whether appropriate or not — one of the distinguishing characteristics of the larger worldwide financial marketplace (much like the Pink Sheets market) will be an enhanced regulatory structure. Why? In a technology-intensive industry such as the one under discussion, the general public will struggle with the vastness of the change and, in some cases, find it almost overwhelming. Regulation will no doubt be employed to provide consumers with a familiar “point of reference” — allowing them to more easily accept the rapid evolution of the industry because they believe, through government and its rules, they have at least a stakeholder’s share regarding oversight.

From a business standpoint, then, regulation gives at least the appearance of becoming a competitive advantage. Ms. Klein, in her section at the beginning of the book discusses this occurrence and then leads the reader on a journey through ways that business can more effectively structure boardrooms — and top management itself — to conform to the current regulatory climate and anticipate further

developments.

Ms. Klein's contributions are important because regulation will certainly constitute an increasingly critical element in the structure of a modern corporation — whether or not it is involved in the financial industry.

Mr. Fadiman's focus is equally important, dealing with the transformational nature of financial technology. His narratives — drawn from two “interview style” books, “Rebuilding Wall Street” and “Marketshock” — take up much of the book.

Both books were offered by major publishers in the early and mid 1990s, and Mr. Fadiman subsequently received back the rights, which allows him to combine some of the interviews from both books and present them for the first time in one volume.

Mr. Fadiman believes Wall Street itself profited the most from financial technology in the 1980s. In the 1990s, as once-proprietary trading systems became commonplace, as computer software and hardware became more efficient, the “little guy” — the “day trader” — came to the forefront (at least for a while). Technology, according to Mr. Fadiman, had begun to shift the balance of power away from Wall Street and toward a more global network of trading and investing systems with powerful analytics and information technology that will eventually lead to one large, interlocking electronic marketplace.

Those who read this book and plan for a more challenging corporate environment as the 21st century unfolds may be among the winners of what will certainly be an extremely high-stakes business

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competition. The prize: an international position of dominance in a world of increasingly sophisticated consumerism, choice and opportunity.

Mark Fadiman, Connecticut

June Klein, New York

2004