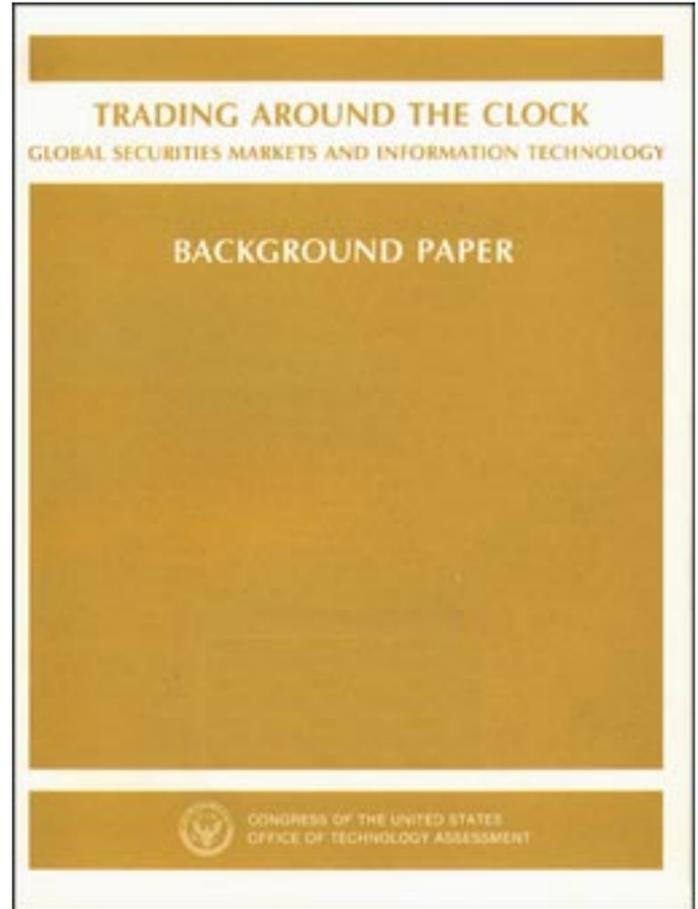


*Trading Around the Clock: Global
Securities Markets and Information
Technology*

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Foreword

The world's stock exchanges evolved from centuries-old markets of money lenders, currency traders, and commodity dealers. La Bourse, the Paris stock exchange, dates back to 1183. Amsterdam's Effectenbeurs was formed around the trading of shares in the Dutch East India Company in 1602. The London Stock Exchange was organized in the 17th century.

Stock exchanges in the United States, while latecomers, have a unique and colorful history of their own, characteristic of our young nation. Wall Street, a narrow thoroughfare in lower New York City, has become the symbol of U.S. enterprise, initiative, and prosperity. . . but also of greed and chicanery. It was there that securities were first traded about 1725, along with the auction of commodities such as tobacco, wheat, and even slaves. The New York Stock Exchange, the first established in the United States, was chartered in 1792. Modern computer and information technologies now support market-makers and brokers, and runners and ticker tapes have given way to computer screens.

International telecommunications systems now link markets around the world with instantaneous communications. Technology is rapidly turning the stock exchanges into a seamless global market, open 24 hours a day. This situation presents both opportunities for the Nation and problems that Congress needs to understand.

This background paper assesses the effects of information technology on securities markets and the current status of global securities trading. It compares securities markets and clearing and settlement mechanisms in Japan, the United Kingdom, and the rest of Europe with those in the United States. Finally it identifies emerging questions about international markets and national regulatory regimes.

Trading Around the Clock precedes the forthcoming OTA report on domestic securities markets and information technology, *Electronic Bulls and Bears*, both requested by the Committee on Energy and Commerce and the Committee on Government Operations of the House of Representatives.

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NOTE: OTA appreciates and is grateful for the valuable assistance and thoughtful critiques provided by the advisory panel members. The panel does not, however, necessarily approve, disapprove, or endorse this report. OTA assumes full responsibility for the report and the accuracy of its contents.

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