

Transcription of recorded conversation: **Trader (Anonymity requested)**
Location: Café, Canary Wharf, London March 2013

(Sections of the text have been redacted by request)

MC: Okay. can you tell me a little bit about...what you do?

Z: Okay, so I work as a *cash equities trader*. I started in that role...nearly three years ago now...came over straight out of university.

MC: From Dublin?

Z: From Dublin...from UCD. I was lucky enough I got a job in London with [REDACTED] [REDACTED]. I was over with Uni. on a finance trip. Eh, met a few guys from [REDACTED] there informally, and just...one thing led to another. They were looking for a junior, I was...suitably qualified as I was at the time so...got the position there, worked as...a trader in the consumer sector so I traded all stocks in Europe related to the consumer sector.

MC: And what does that mean, *consumer sector*, can you tell me a little bit about...?

Z: So, any companies where the end market is the retail consumer essentially stuff, companies like *Nestle*, like *Unilever*, eh, companies like *BMW* as opposed to industrial companies, as opposed to...other sectors like that.

MC: And was it something you wanted to get out of Dublin at the time or was it just - did you just know that was basically going to be the case, that look... I've got out...out of UCD, I'm not gonna stay in Dublin?

Z: I always wanted to get out of Dublin because...I always had an eye on the *financial markets* and if you want to make it big in the financial markets, Ireland is a small pond in a big ocean so...it was always my vision to get out of Ireland. I've always been interested in financial markets.

MC: And what year was that then, when you came over? That would've been...

Z: It was 2010.

MC: Okay, okay, so things were also...?

Z: So things were also not looking too well at the time.

MC: But was that also part of the decision...it must've framed it a little bit - or not at all?

Z: Maybe slightly, you know. There's...always the thought that if I'd been in my position say in *2005/2006* I could've got...roped into a position in Dublin that I didn't necessarily want. But like I said my...my mindset was always to get out of Dublin, y'know, potentially one day go back but definitely when I'm younger and I've, y'know, no strings attached...to get out of Ireland and then make contacts abroad and bigger markets and potentially one day get back but, while I'm young and I can do it...London, New York, Asia, wherever.

MC: Hm-hm. So you came in and you worked with [REDACTED], was it?

Z: Yeah, so I worked there for two years, as I said traded in consumer sector then I ended up trading the *pharmaceutical sector*.

MC: So this was the first time you'd done this?

Z: First time completely scratch. I'd done, eh, a couple of internships in Dublin so I had a *brief*...eh, a brief overview of the markets but very, very *raw knowledge*.

MC: So basically trading on screens like you are here?

Z: Yeah...but starting from like, literally *baby steps* as in...y'know, *you buy on this side of the screen, you sell on this side of the screen*. (MC: Okay) This is how, y'know, it happens, someone will shout to you an order. Someone might give you an order. You reply this. This is the language cos obviously this is specific language you've to use as well like, so it was literally...

MC: So you become *literate*, as it were, now?

Z: Exactly.

MC: Yeah.

Z: Become literate in, y'know...every sense, so...

MC: And so was somebody there with you, as it were, sort of...also guiding you or working with *mentoring* you, as it were...

Z: Yeah.

MC: Okay.

Z: So I had one direct mentor who was the *senior trader* on that pitch and then there was the *head trader* as well who obviously took a very active interest and would be quizzing me, y'know...every few hours as it was but, yeah...

MC: How it was going basically?

Z: Sorry?

MC: Basically checking in to see how it was going?

Z: Yeah.

MC: Okay.

Z: To see how it was going. To see where I was, what I'd learnt. Test me on one or two things...and because of the nature of the business it would be very spontaneous, so it would be me sitting there...

MC: Yeah, can I ask you a little bit about that also as well...it's just in terms of, eh, that process, of terms of actually the, as it were, the training process, as you look - I mean...y'know, how important is like, *instinct*, is the more you've done this, like how important is the...I suppose your *knowledge, experience*...?

Z: Massively...massively important. Because one of the major attractions when I came into the industry or even looking at it from the outset was the *dynamism* of it, y'know, anything can happen at any time of the day, *anyone can say anything*. So really understanding your stocks, understanding the market, understanding *liquidity*, understanding an *order book* is absolutely vital, and having that experience bein' able to relay that to clients, bein' able to...y'know, use it yourself, with your own *propriety book* is absolutely key...

MC: And can I...so when you look at the screens, is it...I mean it seems less readable if you get what I mean? It seems to be more about...y'know almost...you mention the feeling...how important is that?

Z: It's very important. It's definitely about a *feeling*, it's definitely about knowing an order book. You know certain stocks from looking at them if there's *algorithms* involved because the way they move and you can see...you can see, cos you're aware as a trader what not to do, how you wouldn't want to trade this stock - you want...if I'm selling it, I don't want to be putting a lot of stock on the *offer side* because it's essentially telling the rest of the people *ooh, there's a seller out there* but then I'm at the same time looking for those *tell-signals* in the stock as well so if I'm buying something and I'm seeing it, y'know, 5,000 pop up on the sell side, he gets lifted and then there's 5,000 again, and I'm like *wow, this guy 5,000 keeps coming back and back*...I might just scale it back here, and try and like, bring him lower and get a better price, so definitely feel for a stock is a big thing.

MC: Okay, okay. And I...cos that's what I was going...is there a case then when you're, as it were trading, is it almost like you block everything else out, that's going on? (Z: No.) Say you've... how does that work in terms of that *interface* with the screen...cos I presume it takes on some sort of a rhythm or something, or...?

Z: Eh, to a degree yeah, but...you definitely can never...block everything out...put all your focus and attention on one thing because *multi-tasking* is a major...major factor. You gotta be watching them, the markets in general because you might be trading, y'know, a small oil company based in Malta but...y'know, if the *Euro-stocks* comes off 50 bips because some Finance Minister in Greece says something - you can guarantee the stocks gonna get hit as well so you have to be cognizant of everything that's going around you. Obviously as well then...if you're trading a specific stock you may have a peer of that stock saying something they may have results out so you cannot be...

MC: But is it the case then for example...y'can...lets say the football scores from the night before, I'm wondering who Trapattoni is going to put on his team again tonight, that y'know, (Z: Yeah.)...is it almost like, you know I wonder if she'll cut back that call or whatever like that...I'm just starting to...just partly I've asked is cos I've been doing a little bit of reading and trying to understand that...and that how in touch you almost have to become with *the market*...so that y'know...holding onto information

is vital to what you're doing, so exactly has this politician said this or is this or this-that is being released...?

Z: In terms of like if someone's hitting you up from a social aspect? No, again...

MC: Oh, no, no...just in terms of how you gotta use your mind – in terms of relation to what you're doing...

Z: Yeah, it all comes, like, with experience. You know exactly what's important, what's not...like when I first came in I...of course I said I was very *raw* and I was very much: I'm absolutely looking at this stock, this is everything - the market here, like if someone spoke to me...I didn't hear a thing. You'll hear the expression, like, *broker's ear* and you gotta have it...because specially, y'know, if you're in a bigger trading floor you get orders from people shouting at you...if you're the guy trading...

MC: And what's *the broker's ear*?

Z: The broker's ear is being able to hear and react to different things at the one time so... you might be talking to one guy on the phone and another guy is shouting you an order that's completely different. You gotta be able to give him the thumbs up or something, let him know...

MC: While you're also looking...

Z: Yeah, while you're also talking to the other guy on the other phone without slipping up, so...multitasking (*laughs*) is *definitely* a prevalent aspect, yeah.

MC: And so how did you end up here, then?

Z: I ended up here, so I left [REDACTED] in August 2...2012. I'm not sure if you heard but they had a massive *algorithm blow-up* so they lost nearly half a billion dollars one day because of eh, an algorithm error. So our trading team at [REDACTED] was basically cut in half. So I was made redundant there and then (MC: Okay.) for a few months after I was lucky to be in touch with [REDACTED], fairly soon after I got *let go* from [REDACTED], eh, and then we just continued the dialogue and...one thing led to another and he needed an extra man on board so I was more than happy to be that guy.

MC: Okay. Cos can I ask...you did mention algorithms, one thing was I-kinda curious too is about...the role of the *technology* and those other things about algorithms...emm...and actually how it's changed or is changing what you do...(Z: Yeah.)...and is that something you notice that...obviously you're aware of...?

Z: Yeah. It's...I'd be of the opinion that it's very supportive and I'm *pro-technology* but to a point...nothing can be 100 per cent technology. You can't just...no matter what the order is, no-one can just put it into an algorithm and then leave it...because no-one knows what's gonna happen and you need *human instinct*, y'know, you need that human touch if something happens in the stock. And even, you can use the algorithm to support your trading and have it in working...percentages to the volume but you as a human know if something looks attractive up here or down there and

want to take advantage of different price movements to improve your price because...essentially that's the nuts and bolts of what you're doing. You're trying to get your *PM* the best price and give them the best colours so...

MC: Your PM?

Z: Your...*Portfolio Manager*...

MC: No, it's more just for...can I...can I just bring you back a bit...in terms of, because part of this I guess, the whole project is about...this notion of the market and what it means and obviously coming from Ireland we're *at the mercy of the market, the behest of the market*...(Z: Yeah.) so in terms of even before you started what was your impressions of that idea of the market before you actually started working in it?

Z: Yeah, I was...

MC: That's a very *macro* question...if that makes sense?

Z: As I sort of touched on before that I was basically...I was enthralled by the markets...the dynamism...the thought of going into work and something literally...anything can happen that day, something new, very quick atmosphere and...I suppose to a degree...that idea...that notion is being fulfilled...

MC: That image you had in your head?

Z: Yeah, but it was probably a bit more glamorous than how it ended up, y'know...I'm not driving a Ferrari or anything...but eh, at the end of the day, it definitely did live up to that...it is dynamic, you've gotta be very receptive, very aware to what's going on around you...

MC: So is that a case you're constantly re-educating yourself in a way that...?

Z: No-one can know everything about the market, like, full stop, like there's an absolute plethora of information out there that no-one can possibly get through so... you're constantly...you're constantly learning...you're constantly finding out new stuff.

MC: So you discern and distil in a way or do you...?

Z: Yeah.

MC: Okay.

Z: Definitely. And y'know, things can happen very suddenly as I said before...it's about taking that information and processing it in the quickest time and it's how a lot of people make money.

MC: Mmm...okay...and can I ask then in terms of...what about people who don't do what you do, say family members, friends? What are their impressions about what you do...from the outside?

Z: When you describe to them...the general impression is that it's quite *overwhelming*...because like I said I describe in a way that a lot of things happen...you're up early in the mornings...depending on the day you're home late at night, you don't get a lunch break...if you go to the toilet you tend to run to the toilet as opposed to...going...

MC: Leisurely! (*laughs*)

Z: (*Laughs*) Yeah, there's no *paper-reading* in the cubicle. It's very much...hands on the deck and you're in front of your computer all the time, so...all the time as you can be obviously, so that...I think that notion overwhelms a lot of people but...it all comes from...you have to have genuine interest in the market, if you don't...you...you'd be gone after a while.

MC: And can I ask then just at the end of the day...will you still plug in to certain elements, are you aware of what's going on a little bit...(Z: Yeah, yeah...). How do you do that, can I...? How do you do that? Examples...?

Z: Example. Just so...say after they closed...had a company coming out and there's a *large institutional shareholder* selling a sizeable stake, so...immediately you see that you think, right, who cares in that name and I'm gonna relay it to him, I'm gonna try and generate a bit of interest in it...I'm thinking as well, y'know, if I see any news out of the US cos obviously US markets are live. Are there any peers in Europe that, y'know...this information is to read across here.

MC: So even when you go out later, whether it's on your...your phone...or whatever, you will...do you check in?

Z: Oh yeah, yeah. I'll definitely check in and I'll definitely look at...

MC: And is that just of necessity what you need to do or is it the case just...look, *I* say this: *I'm* compulsive...or is it just, eh, y'know... the root's in necessity of what you do?

Z: It probably...a bit me being ...compulsive, to be honest with you.

MC: Yeah, dedicated to what you do?

Z: Yeah, I'd say people could get away without doing it but...if you wanna have...if you wanna be in touch...if you wanna have the best idea of what's going on and really...be...as aware as you can be, you gotta be checking in...

MC: Because really the market is almost all the time now...

Z: Essentially, yeah.

MC: Yeah, okay.

Z: You get a day off at the weekend, you go trade *Egypt* or something...(both laugh).

MC: That's about it! Em, so that was one of the...was just that idea of what other people's impressions, so like what's your *family's* impression of what you do?

Z: They don't really understand everything that goes...involved, suppose they're a different generation...this is my parents I'm talking about now. My brother is actually a trader in Dublin as well so he's got into it. My parents' impression would be...they're of the notion that the majority of people would be run out of this job in their mid-thirties...they see a quick end and then you go into something like consultancy after that but...for me I don't see it like that not if you love the markets, you're always gonna be *plugged in* somewhere...yeah, in somewhere or other...they think it's very...as I've said before overwhelming job...lots going on you've got to be very plugged in. Like the notion of going out, having a few drinks with the lads and stumbling home at 1 o'clock in the morning, like it's not obviously the most practical night out in this job so they think it's...it's very demanding.

MC: So almost you gotta be really *dedicated* in terms of...*consumes* you in a way...

Z: It does. It does to a degree. It's a...it's a demanding job and you gotta be up to it cos if you're not you'd be *found out* very quick and it's very easy to lose a lot of money and...to lose a lot of someone else's money...

MC: And can I...just in regards to...I was talking to [REDACTED] about...the role of say things like *high-frequency trading*. One of the reasons, you're in London it's at the *cutting edge* of all those elements. In terms of how do you see that role, I mean you talked about...I'm aware of [REDACTED] and sort of...the role of even *genetic algorithms* that would sort of *self-evolve*...how do you see yourself or do you even think about yourself and what you do in relationship to that...cos people talk about...largely traders' future or *human traders' future* (Z: Yeah.)...in one scenario it doesn't *have* to be the scenario but do you think about that?

Z: I do think about it to a degree but I'm of the opinion...I'm 100 per cent convinced that you'll never have a scenario where it's *100 per cent algorithms*...you can't possibly think that, like *Capital's* a case in point to that. I think also traders like ourselves here - anyone would use *algos* to their advantage in stock. You can see when a stock is laden with algos. You know if I've got 10,000 at the end of my order I'll just...*buy 'em straight here because I know the algos will chase it higher and it makes my price look better*. So I think human traders are aware of the algorithms out there and they're aware it's how to use them because you'll be like - I'll finish my order up here, this algo is gonna chase another few pence...I'll tell the client I'm done here...because if I just keep plugging away, the algos are gonna chase 'em higher...like I said that goes back to being able to read an order book.

MC: People have *strategised* around those already and sort of...responding to those and how they operate...?

Z: You have to be...you have to be very aware of them because as you said they're becoming more and more prevalent and I'm not...anti-algos...I use them myself but...I just don't think...

MC: So do you use them here, in what you do here...?

Z: Yeah, I do. But I just...I'm firmly of the opinion that, you will never, ever have a scenario where it's a 100 per cent algorithms.

MC: So there'll be room, you think, for *specialisation*?

Z: Definitely...definitely (MC: In that regard...)...it will evolve further I'm sure and you'll get more and more complex algorithms, I'm sure of that but to a point where you...*it's 100 per cent algorithm and zero per cent human*...like, that's impossible, in my opinion.

MC: Cos that was one thing I asked [REDACTED] when we'd spoken about earlier...was just that notion too there's an impression from those *outside* of the market, and all its multiple forms...and somehow or other those that work within it somehow are...*protected* from it's...the implications of the results from this thing but...y'know, that doesn't seem to be the case, that actually...people are exposed to...

Z: Yeah, people are exposed to...

MC: To pressures...

Z: Yeah, oh, most certainly, very aware.

MC: Y'know, cos there is an impression from outside, well, those that are in sort of this particular trading...they're not exposed to the same sort of...*vulnerabilities* or pressures as somebody say working in a...a factory...or in...y'know, a library or whatever like that...that they kind of...maybe...what happens in the markets sorta maybe frames how we have to live, whether we've got money or not, like what's happening in Ireland but those inside somehow are protected...

Z: I wouldn't think that, no. I've *first-hand* experience. I'm definitely...a case in point that you're not protected and it's...if people look from the *outside* you will hear a generic, clichéd opinion that people who work in the markets in direct capacity get overpaid, but...what a lot of those people don't recognise is that your job is that fickle, there's *no job protection*, and that's part of the reason why the conversation's created, obviously there's a number of factors to it but I'm certainly of the opinion that you're not 100 per cent protected because you're not - I know first-hand you're not - and I've seen...one day it's fine and then...50 seconds later your company's lost x amount of money, it's very fast...

MC: And this is what happened before...?

Z: Yeah, there's a lot of room for error and that will lead to people being cut and maybe...relating to one thing you said there...putting broader macro issues that impact the market in perspective. You're aware of how cold business is and you see it every day a company announces *10,000 job cuts*...*stock's gonna go up*...so...

MC: Cos it's gonna save money.

Z: Yeah, it's gonna save money so you're aware that at end of the day, a lot of CEOs...a lot of big companies just look at employees in terms of that or the market

does rather, and it puts into perspective to you that you're just...*one*...one tiny spoke in a massive cog that can be...taken out of the picture if necessary...

MC: Okay.

Z: I wouldn't subscribe to that opinion...that you're protected...

MC: Yeah...yeah. So you're aware of that...and can I ask just as an aside, just in your own personal opinion...is there room for *morality* in the role of the market?

Z: Yeah! 100 per cent, yeah.

MC: There is room?.

Z: I definitely think...there's room for morality although...I was...when I first came into the job it was...I asked a lot of people about 2000...the *Twin Towers* and what not...and a lot of the answer I got back is that people were *short* on stocks in the immediate aftermath and a lot of companies' head people came out and they said *shut down the books, don't be short on stocks here* but...there was the argument put to me which I found a little remarkable and quite logical, that why wouldn't you shut the stocks because they're at the wrong value, and at the end of the day the market is just...it just shows you where things are valued at...

MC: There's a *rationale*...

Z: Yeah, if you know something should be valued lower then why wouldn't you help it get to that price because that's what the market does - it's a mechanism to price things. So if an airline is trading at lofty levels and...a horrible disaster like that takes place, well then...it's going to find its right place in that pricing mechanism...

MC: Okay. And can I ask in terms of...in terms of relationship as opposed to...coming from Ireland...how do you think Ireland has changed globally or how it's viewed globally?

Z: Well, certainly in the last few years it's become the *poster-child for European austerity* definitely. For better for worse, I don't know why but we did take on obviously all the debt of those...the *bondholders* and...our various banks. But we've certainly been shown to have done magnificently well in regards...like I said we're the poster-child of European austerity. We're a very small island. I think Ireland is very aware that we need to be an *open economy* to sustain ourselves and to prosper so I think Ireland is well-adapted. I think Ireland will be fine but it's gonna be a long, hard road because the amount of debt taken on...was enormous.

MC: Would you have done it differently in your own opinion and the experience that you have?

Z: Yeah, personally I don't see why...the bondholders were given such a privileged status, that's when they took on their positions, they took on a risk...and I think...

MC: And why do you think that happened...why did we...why did we take on all...?

Z: Because of the *enormity* of the problem, right...so they just said they would shaft it all on the government...

MC: Do you think they understood what they were doing...in your own opinion?

Z: I think it could...I'm of the opinion that it should've been dealt with differently so I think it could have been understood better and it could've been dealt with...better, but...they definitely had an awareness...like you read back stories - you hear former *Finance Ministers* ringing up *David McWilliams* and asking about basic economics in the heart of the crisis - is kind of a scary thought, and I'm of the opinion that if you're a Finance Minister you should have a finance background...if you're a Health Minister you should have a health background, so it could've been dealt with better but they definitely weren't absolutely clueless, I wouldn't subscribe to the opinion that they were all just bozos...but...

MC: No...can I ask you, it's related to Ireland...before maybe we come back to London...in terms of the *future*, how do you see the future for Ireland at the present...or?

Z: It's gonna be a long, hard road. But, Ireland's *definitely* on the right road and I think you're seeing that reflected in the market...a lot of people were jumping up and *hurrahs* when...a few weeks ago Ireland issued a lot of debt...favourable market rates as opposed to previously and it was taken very well by the markets. If you look at *Bank of Ireland* share pricing, that's a barometer of the Irish economy to a degree...obviously big large US institutional investors like *Wilbur Ross* come into that one. I think again that's testament to the fact that Ireland has...Ireland has stuck its head down and just got on with it to a degree.

MC: How much of it do you think is...just because what you do...one could argue...they sorta gave those bonds away...y'know, this notion of the performance, so they wanted... there's this notion to get back into the markets...but the bonds they were offering at such a rate that you'd almost have been *mad* not to have.... bought them in some ways...and I mean as I understand, it's really kinda *one major investor* that is buying *most* of the... is that problematic do you think...?

Z: That there's just...if there's one person buying?

MC: Well, yeah, that almost there's one person and also that in some ways that the role of the *performance* almost of the market...of *returning to the market* because they offered those bonds at such a rate that some...one commentator described it *you would've been nuts not to have bought because there was...*(Z: Well, I wonder...), was it the performance? Or is it a performance?

Z: Two issues there...if there's one large buyer of anything...it's worrying because then you're exposed to the *risk* of that large investor so it's always...it's always a risky scenario and it's not ideal in the slightest...they were offered at very favourable rates but they had to be because again it's a big...*morale event*...a big...*oh, Ireland managed to sell this over the maximum capacity*. I forget what the exact figures were...but...the day before, the markets knew Ireland was coming the next day to offer - think it was, we'll say, two to three billion, and then the books were taking up

two to four because of the demand, then four points...it was along those lines, so it was a great morale booster because it was taken so well. If you look at a few weeks after that event obviously the *Cypriot*...the Cypriot situation's completely blown-up, there's real risk of a *bank-run*, there's real risk of *contagion* throughout Europe, peripheral Europe in particular. I still think...that the bonds were offered at very favourable rates but I think that was a pure exercise...

MC: Pure *optics* were important...

Z: Yeah.


MC: Yeah, okay. It's just interesting in terms of an insight on that...just in terms of what you would do...the whole role of optics...actually can I ask you...how important are optics just generally to the market?

Z: What do you mean in general?

MC: Just probably just the visuals...where one could argue when Ireland did it...then it was about the optics - it looked good, media can report...it looks good on *Ireland Inc.*, so how important is that?

Z: Well, at the end of the day financial markets are made up of people, right? So, that's why you always get massive swings...way too high, you get massive swings way too low and that's...ultimately what creates massive buy and sell opportunities because it's just made of humans, and human emotions always get distorted...prices, for better or for worse, so it's always important to have a nice *narrative* alongside a story or something that engages people or there's a wow to the numbers, there's a wow to something because...*it's not machines that just decide what's bought, what's not...that's life.*

MC: But you're astute, you know that that's been about optics so...but other people...?

Z: But people still get carried away, like you see it every single day...the market, you'll see...obviously it's highlighted when there's situations of companies reporting in through the day...people think it's one way or another and  get really over-enthused on the back of it, and that creates opportunities for the other side. Like, if you look, it's easy to sit here now and look back at 2009 and the lows in the market thing - that was the biggest buying opportunity ever. But that's the cold, rational, hind-sighted opinion. At the time when you're in the slew of it, you're in the middle of...you're just...you're taken by what's going on there, and there's a particular story that's taking your fancy and then there's that, and it's only when you look back and you're like, *that wasn't that relevant I should've realised that* but ultimately...

MC: But I suppose that's experience then also...

Z: Yeah.

MC: Can I yeah...cos we were just talking earlier too that this seems - though what's going on now - seems to be *not cyclical* that it's something else in terms of just what's

happened with this shift with...how maybe things have evolved. How do you see it at the present time, in terms of...since 2007/2008...seems that the scale of it is something else?

Z: Yeah, well, it certainly appears to be *structural as opposed to cyclical now* and a lot of things will and have to change. I think that's one massive lesson we've to take from the years that's gone before us now that structural change is needed and it's still going on. You look at the Cypriot economy and 40 percent of its GDP is made up of the banks...it's ridiculous and there are other cases in point. It's going to be a long, hard road and we're not gonna be...dancing this time next year, in massive *bull market* but it will take a while but I'm still optimistic...

MC: And when you say structural...what sort of *structural shift* do you think...?

Z: Different...you can have countries in the case of Ireland that was *overexposed* to one sector and then there needs to be structural change to change the structure of society and that you're not overly *leveraged* to one particular sector, if you look at...maybe some of the other peripheral countries, like...Spain has very archaic labour laws which need to structurally change because it prohibits investment...it deters foreign investors...hiring in that market. France is another case in point. And France, over the last year or so - its economic data has certainly lagged *core-Europe*, which it's supposed to be a major member of, and its labour unions and labour laws that prohibited foreign investment is one major reason why there's...an American investor about a month ago or so made very controversial comments that he wasn't gonna...but that's all borne out of that, and that needs structural change as opposed to anything cyclical...it needs deep-rooted change.

MC: And so in some ways more...like, I mean I suppose, more *deregulation*...in that regard?

Z: Not in that particular regard but it's not...I just can't see deregulation across the board...

MC: No...so, in terms of then the market, do you think there's a role for regulation in the market or should it be...? Cos one could argue, that in some ways the situation that led up to...was actually because there was very little regulation, there was very little...the regulators actually wouldn't know what was going on...em, do you think that is changing, or needs to change?

Z: I think that is changing definitely. I do think that was a contributing factor to the whole crisis. And yeah, I do think that is changing...there's...we're seeing that every day...there's definitely a heightened awareness. Y'know, the *FSA* are suddenly - anything that they change is making headlines in the *FT* wires. Five to 10 years ago it would've been a back-page story, now it's very much prevalent and they are having a much bigger role because people are aware that structural change needs to come in, and it's gonna be spearheaded by these regulatory bodies because especially in the eye of the public now which is so in tune, so aware because of the larger impact...that the *blow-up* in the market has had...there's a lot of pressure there...*public pressure* on these bodies so...they've assumed a more important role and with that, they've assumed more credible individuals...

MC: Can I ask you, if you don't mind...a question related to that cos there's those who, y'know, who would say the regulatory bodies are maybe not ideal...sometimes...it's been observed, maybe don't even understand fully the mechanisms of the types of models that are in place...(Z: Yeah)...and sort of, I suppose the role of the regulatory bodies' relationship to the *nation-state*? That somehow or another...has the role of the nation-state changed? And, in terms of...sort of states actually become, as it were, *conduits* for capital. So you know, that they structurally support the processes that are allowed for the *flows of capital*. Do you think...do you have any opinion on that or how do you think that has changed the role of the state in I suppose, in a global context?

Z: Yeah. Well, from a Eurozone perspective, it's obviously become a much larger...a much larger role for governments because...case in point today, yesterday, we've had different governments come in and basically dictate what happens to another government, and this is obviously beyond the private sector, way beyond the private sector, and the private sector is being dictated to as to what the *haircuts* are going to be. So, that role...because we're still in crisis mode...in a lot of countries, the role of the state is still gonna remain huge. I think it's pivotal that they facilitate the movement of capital, that they...they promote growth...that they make sure they've *pro-growth initiatives* in place because ultimately that's how we're gonna get out of this mess, but definitely the role of governments and states has become much larger in the last few years and they have to be aware of the significance of their playing, and like I said before, it's structural now...it's not cyclical so big change is needed...

MC: Do you think the governments are able to keep up though? With the pace of the market, how the market operates...even when you're doing, the sort of, daily as it were regime...what you do...where these sort of public structures seem at a different pace...?

Z: Certainly you see it case in hand, like first-hand rather, every day that some *politicians* aren't aware of the magnitude some comments can make because we had a case there the other day where a Finance Minister said something about future bailings and the market got slammed on the back for it. He subsequently retracted or tried to rephrase his comments, stemmed from the fact that he isn't fully aware of the magnitude his comments would have, so I don't think that they're fully in tune when it comes down to the *nuts and bolts* swings and what their comments - the large implications their comments can have at times - but certainly, they're learning as they need to...because it's massive, the role of governments now because governments, as I've said before, are hands-on dictating what's happening to the private sector.

MC: Okay. And just maybe...it's just about the...I suppose... it's very macro, I'm aware of this, just in terms of, just the future of the market. How do you see...the future? I mean...how do you see...? Can I hold that question? (Z: Yeah.) (*Both laugh*). But just how important, before we get to future...how important is *the now* in the role of the market? In terms of... not even short-, mid-term, long-term, but how important is *now* in the role...in the functioning of the market?

Z: Well, *now* in particular is a *very, very* important time because as I said...

MC: But even in the day, sort of, not even historical now but just when you're sort of operating your screens... how important...as it were, in the moment?

Z: It's very important because that one moment can be a large error if you allow it to be a large error, that one moment can be a great trade, it can be a disaster...you have to be in tune at all times, the now is very important.

MC: Cos I mentioned earlier to [REDACTED], for example, in 1945 US Stocks on average were held for six years...in 2011, I think they're held for 14 seconds...so I'm just thinking in terms of just that sort of...*compression of time and space*...is there even *room* for short-, and mid- or even mid-term thinking in the role...?

Z: Yeah, of course. I would certainly think that there is...there's different styles of trading, but the now is very important but there's definitely - you see it every day like - Warren Buffett, some of the best, and most successful entrepreneurs and traders as such - investors...across the world, very long-term guys...*buy and hold* is his mantra and it's obviously served him very well...

MC: But it is in the context, we say where...most of the market isn't maybe about the long-term...

Z: Well, what...in the market you've a lot of people jobbing around and playing like, tiny swings...we call them *scalpers* they literally...pay...they'll pay up in one sec. and sell out their position 10 seconds later. You touched on *high-frequency trading* - that's milliseconds...to just...*manipulate* a situation in the market and particular security and be in and out of that trade in ten seconds. There are a lot of that...there is a lot of that in the market and that is probably growing but there's certainly room and I would be more of the opinion that it's gonna be the long-term investors...it's gonna be the guys who do hold things for six years or maybe a year that...shape our future...these guys, other guys are just scalping around trying to make a penny on just tiny price distortions in the milliseconds...they're not real investors.

MC: So do you think there's almost...there's almost that thing about amplified...the vulnerability, the precarity because I think at the moment 77 per cent of trading in the States is done by these algorithms...so, it's becoming...shortened but the needs of the future...how do you see it? How do you see in terms of future, what you do trading?

Z: When you say 77 per cent of algorithms is that high-frequency or is that just algorithms...?

MC: I think that's actually 77 per cent of trading *period*.

Z: It's...just broad-based algorithms? Yeah, but...like I said I would use algorithms every day with most of my trade...that's long-time guys putting on trades, the trader uses the algorithm to facilitate him, and it's not gonna be a high-frequency thing that's in and out. It's literally - you're buying a stock for...a long-term institutional investor, it could be a pension-fund, and you're using an algorithm to facilitate you to make sure that you're participating with the volume. A lot of stocks move very fast, and there's situations where an algorithm can greatly...improve your performance, and then you try and pick around distortions in the price to improve that...

MC: But it's not like you see yourself being replaced by that process?

Z: No. You will always need the *human function*. You will always need the human eye to...relay pertinent information back to fund managers, to pension funds, to institutional investors, and to take advantage of the distortions in markets.

MC: And what you're doing here is specialisation to a degree...

Z: It's definitely part of it, yeah.

MC: Ok, come here, listen, that was great.

Z: Perfect, cheers.