

Transcription of recorded conversation: *Inter-Dealer Broker (Anonymity requested)*
(Negotiation 1 year)
Location: Café, The City, London May 2013

Mark: Alright...are we good now?

W: Yeah.

MC: Alright...well, maybe I don't need your name (*both laugh*) (W: Yeah.) but can I ask what your title is?

W: My title is *Inter-dealer Broker*...so, our main purpose is to basically...do any products for the banks, ah, we only deal with banks only, so if they need to do any of...any movement of money, any trading, we do it for them.

MC: And when you say *products*, what sort of products?

W: Eh, range from...if they need to trade commodities...*treasuries* such as foreign exchange forwards, interest-rate swaps, basis swaps...stock index futures...*ETFs*...

MC: So everything?

W: Every product. (MC: Every product...you name...)...nearly, yeah, pretty much.

MC: Okay...and is that in terms of the...I suppose, the network, how global is that?

W: Well...we have, like in terms of *connectivity* with banks - we're connected with every major international bank in the world...and then, all the smaller banks also but to a certain degree...usually you...you only deal with a certain minimum amount to come through the inter-dealer broker world cos there's only about *five big players* left between...us...there's ICAP, BGC...they're the main big players.

MC: So, there's *five* main?

W: Main...yeah. There's a few others like Tradition also, em...and GFI but they really specialise...how much proxy, personally I'm in the *Treasury Department*...so our Treasury Department handles anything all to do with...eh...interest rate swaps, foreign exchange. So I do products, which are *forwards*.

MC: So are you busy at the moment, in terms of foreign exchange?

W: Busy? Yeah, well, it all depends on customer flow with banks so they rely on *hedge funds* and big MCs to come with them and then, their sales traders will get the flow; the sales traders will go to a trader, a trader will come to us and we'll *market-make* a price in terms of, like let's say what I do - forward sale, so he'll come to me and ask me where do we say six-month forward is and then, we'll either go *we'll deal on that price* or we'll give them a level and they'll come back to us and be like *okay, this is what we can do, where do you see it?* and then we'll try...if he's a buyer, we'll try and find him a seller; (MC: Gotcha.) if he's a seller vice versa...in terms of busyness, yeah, we are...em...it depends on the *individual country*, em...itself, if a country has like, in terms of like a *stable government*, a lot of companies invest there, you'll see a lot of flow, if it's the opposite... (MC: It's the other way...) vice versa...yeah, exactly...so, or if...like if a government is very...erratic in terms of their...changing the interest rates a lot cos that's what a lot of the foreign exchanges,

obviously base the *derivative* of the...it's derived from the interest rates of the country, so...if you have a government that keeps on changing the interest rates, not stable...a lot of people would be afraid to either invest in their bonds, which is another flow for FX so...it all depends on the individual countries...at the moment, on my team of 40 we're...we mainly handle *emerging market currencies*...so, we would see...

MC: Can you give me examples of emerging economies?

W: Eh...well, basically Tibet - the *Renminbi*...Chinese *Yuan*...em...and then we have more developed emerging economies like the Polish *Zloty*, the Czech *Koruna*, eh...Turkish *Lira*, stuff like that...so they're just...or South African *Rand*...they're just a handful of, em...currencies that we do...we try to, obviously, the more flow - it's better for us, keeps you more busy but then the market could literally dry up over a week, if like a prime minister comes in and he's like *okay, our country's going into*...let's say slowing down - he's going to do something crazy and cut the rates massively, which does happen.

MC: So do you have to keep yourself constantly informed?

W: You're *constantly up-to-date* with any...like news bulletins from any government speakers...em...and then, they're...cos the *Central Banks* of each individual...country are your main sort of ears to the market, and then, what traders try to predict...what they're going to do so they can hedge themselves against interest changes and stuff like that...and then a lot of traders would often have, I'd say, between five plus or even eight plus currencies to handle all at once while the broker would, em...have probably...could be between three and five, depending on the development of a company like if you're a big player, they might...one broker might do one individual currency - *it's his market*, he knows it inside out - so that's what people do...so you're nearly the eyes and ears for the traders; keep them informed...if you know, they'll tell you this might interest...maybe at the start of the day - he'll be like *okay, I think this is a good price coming up*...there's been a few comments out, spot...the spot exchange rate is down here, could be...it's a good time to buy so you'd advise him, and then,...so they're just simple things that I do for a trader and then...

MC: But would you be sort of thinking you'd be watching say the Turkish Lira, you'd be watching...

W: Yeah, you'd be watching, yeah, spot rate cos your...your client would tell you *aw, this is the level I feel with the spot here, so let me know if it does come here, an...eh...come on to me and then we'll try...'*

MC: Can I ask you cos one of the areas I'm kinda curious too is about, eh...is the role of technology (W: Yeah.) in terms of how you're keeping yourself involved. What sources would you...?

W: Well, *Bloomberg* and *Reuters* are the main information data services obviously there's a big...Thomson Reuters had that market dominated a few years, now Bloomberg...has come back and Thomson Reuters hasn't adapted. I'll give you an example there...*Reuters dealing machine*, it's a *live type* where you actually can't

delete when you type on it; that's how old school some of the stuff is...and *Bloomberg Chat*...a lot of our deals are now done over Bloomberg Chat that's a massive thing, so...

MC: And wasn't there a whole thing recently with the Chat...?

W: Yeah, there's obviously the whole...scandals have come out and they've involved like all the various *IDBs*...

MC: And has that affected your...?

W: Eh...it hasn't really affected us. We've just seen more...they're...like all...cos obviously you just have to be aware of what goes on and you have to realise everything you say between you and your client – it's all...it's all recorded, which is...you'd be quite surprised how stupid some of those brokers and traders were back in the day, like I couldn't believe it so...no, but you do, like all...(MC: In terms of what would they say...)...yeah, just like stupid stuff cos people just get so casual cos you talk to these guys, and you're connected with them between 10 and 12 hours a day, so you talk...they know, you know more about their family than you know about yourself, like because you develop good relationships and that's the name of the game...developing relationships and then executing on their behalf...but yeah, technology is going forward, is changing the industries a lot...a lot of it's going away from voice-broking, which is a traditional way where literally you have a direct line with all your clients, just click in line and you're shouting over a box at them...most of the business is still done by that in the forward market but in terms of the *short-end dates*, which are...that's like between overnight to a one-month trade, a lot of that...especially overnight to 3 days – that sort of period, is going *machine-based*.

MC: Okay, so algorithms...

W: Like based...what happens is: an exchange is there; a bank will put up *I need to buy 'x' amount, I'll put it at this price* and another bank...put his price at like same amount as that price and then just matches them, so that's where it is affecting the short term but in terms of the longer-end range cos it's so...so volatile that...like, traders can't really risk running, em...like, basically relying on the exchange because it's...if they're even like a basic point out, it would cost him – when you're dealing in a hundred million...two hundred million dollars – it can cost him a bit, so that's why you're sort of eyes and ears for them and go...like I can see it going obviously more machine-based; eh, all our companies are investing in it and then, obviously with new *Dodd-Frank regulations* coming in, they want it all going through a security clear and exchange...which *is* affecting...our business as well because some of the...

MC: What did you say what was coming in?

W: The Dodd-Frank. It's a new regulation that's coming in. Basically, it's just, eh, enhanced, clarity of trading (MC: *Transparency*...)...yeah, transparency throughout the market cos before that, like it was...trade was done over the phone; it's done through just like in-house, like when *bank-to-bank*...

MC: And where is that coming from?

W: It's basically *US-based*...but there's a...like, *EU* are being push...pressurised to conform...which will happen, it's just they're trying to get all the rules up-to-date cos a lot...there's a lot of conflict...conflicting information in the law itself that they're trying to pass...so that's a new...

MC: And how is that affecting...so, y'know, they're saying...?

W: Well, basically a lot of (MC: Your role...)...yeah, my role...it's more frustrating on our behalf because we could have a trade lined up and then, if one bank is not a member of the...the *Commodities Futures Trading Exchange* in America, you can't see US names, so the deal doesn't work. So, some deals aren't going through...so that's why if a bank has an entity and trades in the name of the London branch in New York, then it'll work but...over the past few weeks when...well, the past two months, let's say when this...there's word of this coming in; a lot of banks were coming to us saying...*oh, you're going to be responsible for...for getting...passing us...a regula-...they're all normal high-street banks but you believe what criteria some of the other banks wanted, so...they want...it's just more frustration and lack of deals and it probably makes more banks more conservative in terms of their trading, especially with all the new regulated capital tier one being increased and this...this is affecting the business.*

MC: So it's *inhibiting* in some ways?

W: It's *inhibiting*...yeah, in a way, definitely...for sure...especially in *IDB world*...where like, we tend...

MC: IDP?

W: IDB...*Inter-dealer broker*, that's the...so, *basically the more flow you get, the more money pretty much that is generated.* Ah, and so in volatile times, inter-dealer brokers do well cos the prices...people need to trade out of positions and we get it done for them so that's the main...so at the moment *volatility* is still strong in places...but there is – with more regulation and stuff –...it is...the...the industry itself will be downsizing and going more...definitely *electronic* going forward; a bit like, what happened to like, trading equities where *algos* just came in and traders were able to just lock that in to an algo and trade it for them, so...it's...it's similar to what's happening (MC: Okay.) and companies need to adapt and if they don't, they will get left behind like and that's...

MC: But where does that leave you?

W: That leaves me...well, that's the thing...you need to either position yourself...going forward on certain products that...*cos the more complex the product, the less machine based it can be.* So...yeah, going forward, you need to look at yourself and get yourself...either stay on your team if your happy with your team – go forward with that but...I sorta know, like the product I do, they can't do any of the longer-end stuff...

MC: So there's *specialisation* there...is that...?

W: Yeah, the more specialised you get, the less likely it's to go machine-based.

MC: Okay, I want to bring you back a little bit before getting into questions of future. I wanted to ask you a little bit, just about your background...how you got to be here in London?

W: How I got to be in London...I...

MC: Did you study in...?

W: No...I studied in Dublin. I studied in Trinity. I did best there and...basically after that I was...

MC: What did you study in Trinity?

W: Business, Economics and Social Studies...after that I was a bit confused about what I wanted to do. Everybody was doing the milk-rounds and going for the...the big four accountancy firms...and...like I did accountancy through college but...I wasn't...I found it to be quite boring, to be honest...I like sort of more fast-paced environment and then after that I did a Masters actually over here...it was quite a broad subject - International Business, and then while I was over here, I was just applying for jobs constantly, different jobs and I had a few friends that worked in the industry to tell me about it and obviously just went for all the interviewing processes and...

MC: But it was something that grabbed your attention?

W: ...it wasn't initially...it's more...like I was applying for different industries and this one popped up and I had another choice for another job but then...like, my friends said *do it* - they seemed to enjoy it. So I wanted to do something I enjoy and...yeah, I thought I'd enjoy it...when I went in for interviews...I liked the atmosphere on the *trading floor*; like it's very...very loud; a lot of changing aspects...

MC: It's quite charged...

W: Yeah...people can get over-reacted. I find them quite funny sometimes; people smashing computers and...for no reason...and then, when I was in there, like...getting interviewed, the guys were very informal; they...they told it how it is, it's like ...this is what...this is what it's all about...you either...you either get it, like it...it's either for you or not and...so that was fine; when through the...got...got the job and then started off doing that.

MC: But can I ask you, *before* you started...okay...I supposed you talked about...what were you're *preconceptions* or did you have any preconceptions?

W: Not really...just watching sorta trading movies, like...and you'd see a trading floor and the guys going crazy...that was my only...(MC: Perception)...yeah, people...yeah, that was my preconception of a trading floor anyway cos I'd never been on a trading floor, and then I interned actually in...a company called *Knight Capital* and...that was my first introduction to the finance world. So, that...I was on

the equities sales trading team so I was just doing some reports for them; that was my first...

MC: That was prior to your...

W: Prior...prior...that was...in between...I was doing that with my Masters cos I had basically a break for about two months to do some work experience, so it was quite handy; it was in London as well. So I...

MC: And how was that? Knight Capital...?

W: It was brilliant, yeah...really enjoyed it...really good atmosphere; really good team environment...people...they work very hard; like you're on your desk for six am and you have to get your reports out...ah, no, I really enjoyed it...I found the main thing that they had really good was a good team-work environment; everybody was able to help each other and if someone was getting overloaded with like trading in one sector, even though if another guy didn't even do the sector, he'd go okay, *I'll take over this trade* if he was getting over...cos that's what happens; when it rains...it pours, like literally (MC: Yeah.)...in one sector if it's all happ-...kicking off so that's why I really liked the way the guy managed the team, like it wasn't all about individual traders in there; it was like...and it worked very well, and the...the atmosphere's quite good; eh...it was quite like...everybody's...quite jokey atmosphere; it's not like...like it's informal in a way *but* there is a line you don't cross it but it works well cos you spend so much time with these guys that you need to get on well with each other. If you're sitting with a guy 12 hours a day...you need to (*laughs*)...you need to like him as well (*Mark laughs*); you need to work well with him. So...yeah, I really enjoyed that place and then I had to go back to college and finish off that, and then I had...Tullett lined up and then I started in Tullett the following September and then I've been there ever since, so that's about, I'm there about 20...about 18...no, 20 months now...

MC: Can you describe what...I mean, is there a typical day, can you kind of describe...?

W: Typical day...yeah...literally you get in for about 6.45am...basically you do the...your *curve* for the day...cos there's definitely adjustments in terms of forward curve and then, you know what dates are important, like the 1-month, 2-month, 3-month, 6-month, 9-month...up to one year is mainly what is traded; the odd 18-month forward, so you...you work out the difference...

MC: What is the difference then, can you just explain to me in terms of *futures*, how is that...is that similar in that regard?

W: They are similar in terms of...they're standardised contracts; ours is non-standardised...they're trading on an exchange; ours is all individual, basically you're not...when you do a trade you don't know the amount until the *very last second* when traders are often...cos *traders don't want to basically give up their amount because they don't want to move the market* cos if they go okay, *I've got – I don't know – \$300 million to do* and then, okay...the guy...and he needs to sell and the guy on the bid only has 50 and you've got another 250 to do...so, that's why traders who,

like...okay, size them up, get good size out of him and then...yeah, and then...then give him...so...

MC: So, in the morning then, yeah...?

W: You...you set up, do all your dates...then there's all...there's always...every day there's always going to be some news or some like, major data coming out like such as *GDP*, eh, maybe interest-rate meeting...inflation like indicator; so you...you see where they're all coming out...I usually do a small report for my trader coming in cos I've got a guy in *New York*, so before he comes in you want to have it all prepared and send him over that...and then the traders – they'd be doing their own stuff as well but then you just remind them cos they've got about eight...like, as I've said...between *five and eight currencies* so often they miss some stuff...em...so my typical day...would go in and do that ...I have a trader in *Tokyo* as a client so he'd sort of fill me in...as what's going on - if the markets moving much over there but he usually...if my currencies are European-based...they...they only start trading when we come in cos this is where the central market as...as London is the central market for FX as well...so, you start off doing that and then at about seven...7:10[am] em...usually traders would come up to you and ask you 'oh, where's the market today?' in terms of their funding cos they have to basically roll large balances every day cos they don't want the exchange rate of having so much for a long period of time; so they roll it every day, so...and...every...

MC: So, just to clarify that, so literally traders coming...is that through the screens, through the Chat or...?

W: Over the phone (MC: Over the phone.)...over the phone or...the Chat...either/or...it's usually over the phone, you talk to him maybe. If you have a good relationship with your client, they'll just go okay, *this is my order for the day, work...work at it*, so although they want is the average price across the day...other traders who come in...so let's say you'd be quoting prices to individual banks and then, all of a sudden, a trader will just, eh, hit you on a price and then that's fine, that's when you strike a deal...so basically this is all the funding that happens to about...it could go up to about 10 o'clock, that's when...that's when you're busiest, between those three...two to three hours is just constant flow of people just trying to get best price...bargaining over a baseless point and pips like...and then...so, your main thing is to try and get...extract...as much of...cos they...an order flow as much as possible cos these traders will obviously try and use, like the five big IDBs to their advantage to get an average price. So, if you have the best price, they'll obviously come to you...em, so you try and get all their funding done; once you have the funding out of the way, then they'll start getting customer flow and then they'll come to you with like their ideas of what they need to do and they'd be like *I've got...I need...I've got this order to do.....this is the price what I'm willing to do...see what you can get done for me*...so, you do that for the rest of the day. New York come in...they provide some *liquidity* depending on the actual currency; Mexican Peso is massively based out there, so...ah, let's say Brazilian Real...they...they'd be big currencies that are New York-based so if...basically London traders want to do any of that, they have to wait til New York. (MC: Yeah.)...so, if you offer forwards and then constantly, you'd be just...I'd prop...I'd send another document to my New York guy – an update – at about 6 am his time and...of what has gone on throughout

the day, where the prices are, so he'll read that when he just wakes up, and then when he comes in...the full...at least he'll know where everything is before he needs to set up and price his curve accurately.

MC: So there's a *connectedness*...

W: Yeah, connectedness...yeah, cos it's all from New York to London, yeah.

MC: So it's almost *constant*...

W: Constant...yeah, Tokyo or...yeah...cos it's quite weird; I've a trader in Tokyo, Switzerland and New York so we're constantly...they're...one's going home, other's coming in and then it's just...no, *the market is so completely connected* and so that's all basically throughout the day and then at the close of - let's say...the close of day - I'll send my Tokyo trader a synopsis of what happened today cos he'll be getting up in about three hours (*laughs*)...yeah, so that's what really goes on in my day, and it's just constantly keeping them updated with prices and...

MC: So, there's a lot of analysis...

W: There is in one sense (MC: In one sense...) but it's more just up-to-date, like every...every few minutes goin'...

MC: But you must be busy, I mean, there's been a lot of talk about, y'know, *capital moving into...finding safe places* (W: Yeah.) to whatever, so you...is it busy?

W: It is busy...you'd be constantly busy just...quoting prices and stuff like that (MC: Yeah.) like there's never really...and then...if it's...some days it can be...just be very quiet...it's quite weird like, on the whole trading floor, it would just be so quiet and you'll notice it...what is going on? And no-one's doing any deals and then, all of a sudden it'll all kick off.

MC: Is that just waiting for news...waiting...?

W: It's just waiting...sometimes waiting for news but...a variety of reasons...it's hard to know...it's just when the market decides to go one way and then, it's amazing the way like the price can change from one morning to the evening session, just cos of flow...liquidity...like people just decide *gotta a hunch about it* and just go in for it, like...that's what basically I drew out today and then just market-make for banks.

MC: So, there's a lot of instantaneous...*now*...

W: Yeah. You always have to be...like if you leave your desk, you have to tell someone...it's just cos you might have a lot of *live prices* on...into the Bloomberg Chats or into your clients over the box, where they can hit you within, there is a reasonable amount of time. If it's...if the price is over 15...20 minutes old, they can't really go *oh, yeah, okay, I want to buy there* (MC: Liquid?) Liquid cos...it's not really right, like. There...

MC: You look at these things on screens basically.

W: Yeah, I've got two screens myself (MC: Okay, yeah.) so, you'd have basically all your news bulletins, all the currencies that you handle, and graphs and then you have like your Bloomberg Chats on all...where you feed in your prices and then you'd have your...like your *market maker*, where you'd feed prices into cos all our screens that we do are based...published on Bloomberg and all the...so we have to keep them up-to-date as well, so that's another thing that keep...cos if the price moves and...like on a three-month...you have to change that straight away cos a lot of traders mark their curves to this every day, and they need to know that it's up-to-date. (MC: Exactly.)...yeah, exactly cos when they're pricing customers...if the...

MC: So, it's constant in terms of...

W: It's always...you're always...you're always constant...when it's busy you're always constant I have to admit; you're always doing something and...yeah, so that's why one of the main reasons I like it; you're always sorta thinking on your feet...and then it is a good atmosphere, like all...like all the guys – I have to admit – it's a mainly *male-dominated environment*, like I give you...on our floor there's probably seven...between six and seven hundred brokers. I'd say...

MC: Six or seven hundred brokers?

W: Yeah, I'd say there's...out of...I'd say there's 30 women. (MC: Okay.) Like it's all mainly male...and it like, that's good and bad in ways, I presume, cos it give...I think...it should be a good mix of balance. (MC: Sure...it is primarily male...)...it is male...it's just...I think it's just cos it's an *old school* sort of industry and...it hasn't really adapted and I think as they go forward, they are adapting more.

MC: Can I ask then in terms of...say that's gender...but in terms of the background of most of the people you work with?

W: Yeah, most...most of the people I work with...since I'm on an emerging market desk – it's probably different...cos probably half mine are foreign, like let's say from...like on a Russian Ruble team, out of the seven guys, four of them would be Russian and then on like...Turkish Lira team – two of them. (MC: Turkish...)...so, on my...mine is different but...the sort of...natural sort of people that would work in these inter-dealer brokers, would be like Essex-based, so all *barrow boys* that is the main sort of criteria, *back in the day* and there used to be a certain sort of nepotism way getting into these companies. They way they got in was like a friend of a friend and then...it's changed over the years, just cos people are now going to more *university-based* and that's...like most people who've joined in the last year, have all come from...all universities and...you can't really get in like, if you're not cos they've got the pick of the bunch; if anybody trying to get you a job...

MC: Has it a lot to do with...there's been some written about that, that actually, yeah, the sort of, I suppose the 80s was maybe the peak of the Essex boys and girls (W: Yeah.) but actually then the role of technology, the demand (W: Yeah, it's changing...) shifting...?

W: Yeah, it is changing and then, a lot...you won't see much people over the age of...let's say...48 in there...50 like, they try and do...(MC: I imagine it's...)...yeah,

cos in my job there is a lot of client entertaining so you can only do that for so long with the early hours in the morning, so (MC: Yeah, that's what I was thinking.) that's...

MC: So, when would your...an average day finish for you?

W: I finish usually at five o'clock...

MC: Then you may go out with someone...?

W: Yeah, yeah...you try...I try and see my clients...once every two weeks – my London-based or once a month.

MC: So when you say clients...from banks?

W: Banks, yeah. Your traders...individual traders. So starting off it is tough to get them cos you've no way of...cos all these guys are...have client relationships with all these banks so...it's sort of their bank.

MC: So, is that for you to *generate* them or did you...? (W: Generate...)...you had to generate them?

W: Yeah, you generate...you just have to get a lucky break of maybe...you go out, let's say with your boss for dinner and you take out one of the big banks...a *new junior* started...he's your age and then, six months later, he's taken over *the book* and he's trading and you've met him a few times and he wants to trade with you because he'd rather speak to you on the phone for eight hours a day than...and he'd have more in common, let's say...

MC: It must be *intense*?

W: It is intense but...

MC: When it's busy and when you're talking?

W: Yeah, like...it can get heated and aggressive because you have to be so precise with every number cos a little *small digit* can cost you. You could be writing out a cheque (MC: Yeah.) and that's the end of the day, like...like people...and even inputting trades, every figure has to be on the nose, like correct cos...

MC: [Cos?] people end up roaring at you...

W: Sorry?

MC: People end up roaring at you...

W: Roaring at you and then you can get...you can get *fired* from it. If you do one wrong trade that costs...could cost...yeah, 250 to half a million within...and just for a simple mistake...cos there should be more...like, there's only so much *back-office* in banks do. Like, you have to...it's usually up to yourself cos you're the initial point of

input cos we input all our individual tickets and then...it's a...quite a simple system and then this goes off to back-office to get checked but if you're doing an overnight trading...payments haven't been sent for \$200 million and they're...some bank is short of this and they're paying interest on that... (MC: *You could lose it.*)...yeah, you could lose a client, very quickly.

MC: I could believe it. So, is that *pressure*, is there a lot of pressure on you?

W: There is pressure but some people take it differently...when you're doing a trade...a big trade - there will be pressure cos it could *make or break you for the whole day or week or even month*, in terms of your P&L...so...and you don't want to miss out on it and... so that's why when the pressure comes in and especially during the funding part of the day when you're trying to extract, you need to be on to your traders every second, working out *can I help you with this?; can...you're working on this* and then, that's when...that's cos within all the big, mainstream banks, let's say there's 25 then, you need to do this funding, and they all need to do...and they all want the best price so...it can...things can happen like...and you're trying to please all your clients, so...

MC: That must be difficult...

W: It is...it is difficult...but as long...if you have a good team, likes there's...at my...on my team - we work in a team of six and we work in a row so, usually it's quite difficult to hear the guy that's five spaces down from you...well, that's why you're always shouting out prices, what you have, and we also deal with offices in Luxembourg, Paris and Poland, and we're constantly feeding them prices as well, so...you just have to be on the ball and alert and...make sure if a trade is - cos once a trade is struck you have to inform all the traders that you don't have that price anymore and if you don't they can...they can deal on that price and you have to find a counter-party; so, that's where issues happen if you don't take a trader off and...

MC: Is there some people though...is there a *fear* associated with it, in terms of...fears?

W: There would be...is there a fear? I don't know if you'd get *fear*...is the right word...it's never sprung to mind (MC: Yeah...pressure...) but I suppose it's...small pressure on...costs that can be involved, even though you're not actually taking the risk; it's more *adoptionary cost*; you've just...if you let down a client - that could be you...*you gone for ever* with that client and he might've been paying you 'x' amount so...and then that's all reflected down the line in your bonus pool, so...

MC: And how important is that *incentivising*...how important is that in terms of what you do?

W: In term...oh, in terms of like *bonus structures*? (MC: Yeah, exactly.)...oh, yeah, you...it's massively in my game; it's probably the most dominant...I'd say out of nearly all the finance...companies, cos you...depends on the individual broker but you can nearly dictate what percentage you keep of every trade, to management...if you were and this is what happened in the past where brokers are nearly more powerful than their bosses, and...they can get ahead of themselves and what

happened...what used to happen was like a broker would be like okay, *I have the five best banks...I can provide "x" em...for generating revenue for a year; this is what I want...* then usually a broker would...like another rival broker would be like okay, *you come to us and we'll pay you "x" signing-on fee and then see what happens* and which has happened in the past, and then...a lot of companies now are tying you into long contracts where...like, if you want to leave the firm, a lot of people have to take between – for a rival firm – you have to take between six and a year months out...so, which is quite a lot of time before you think about it...yeah...like a year is quite...

MC: And was that the way in the past?

W: No. People used to just jump...in the past...and then there's been so many scand-...not scandals, more like...like new companies just come in and be like okay, *we'll pay you...we'll just lift...take the whole desk* and that's what used to happen...so then, employers got smart...new laws...

MC: And write it into your contract that you had to do this?

W: Yeah.

MC: Okay, I hadn't heard that before.

W: Yeah, and that's a...that's a major thing in the past what happened; brokers used to just jump around jobs yearly cos they'd be like oh, *they'll pick up "x" amount* just...just for moving...and it'd be crazy...you'd be surprised how much very good brokers...like obviously...it's quite extreme in cases; some guys get obviously the cream of the crop and then the others are out to just...

MC: How important is *self-belief* in what you?

W: Self-belief would be...well, it's all about being confident in...a lot of things...being confident in your...traders having confidence in you is a massive thing...about getting them the best price and filling the order for them, that'd be...and then also...relying on your trader to be there for you when...when you need him, is another one, like...eh...so I'd say self...self-belief has a lot to play; it's more about having confidence of...like, dictating how you want your day to be cos when you first start off you're a junior – they train you in, you do all the paperwork and stuff like that for six months and then once you start getting clients...it's basically you versus your boss then, like that's the sort of attitude; it's like okay, *you've done the training, we've trained you up, now it's time for you to generate money* and you're competing with your boss for every...every trade then usually cos a lot of people have...it's the same interest, so you do have to have a thick skin cos...sometimes you can...not...it's not your fault but...you can...your boss can nearly feel offended when you start...some days when you earn more than him and he's being doing it 25 years.

MC: But he probably did the same thing...

W: Yeah, exactly and it's...it's not like...having them over or anything like; it's just the way the trade went and that's the way it goes, like.

MC: Where the *culture* is around this....

W: Yeah...and then you just...you will have heated arguments on a weekly basis...but then, it's all...

MC: But that's in the trade and then it's forgotten about.

W: It's all forgotten about...you just move on cos realistically you're gonna get up and you'll be here at 6.45[am], look straight at him again, so you just...you're better off...starting every day on a fresh note and yeah, it is...that's the excitement about it...you sort of...you obviously don't dictate how much money you can make daily but it's sort of in the power of your hands cos you know certain banks have to do 'x' amount, so...that's one of the exciting things about it.

MC: Can I ask you a bit about...more sort of general I suppose, in terms of like how people, who maybe don't work - like friends, family...how do they perceive what you do or what's their understanding?

W: They...well, a lot of people back in Ireland – they wouldn't know much about...if you told them you work as an inter-dealer broker – they wouldn't even know what that is...I think they...they see you getting up and working like, early hours and stuff like that...and then, usually then they see you...you're probably trying to do client entertaining...they presume that your burning candles at both ends...but then a lot of people...a lot...it's more of the unknown; they don't know really what's going on, the whole...financial service sector; that's my own opinion. Everybody just thinks you...you trade stocks and you're a stockbroker, that's the initial thing, and like I said, I've never even traded a stock in my life before...it's more the unknown thing...perception by...definitely from family and friends back home.

MC: And in the context, say the so-called...the crisis since 2007...2008 and people, y'know, when you go back will say, *well, y'know, the bankers...?*

W: The bankers and then...

MC: They've been demonised...they've been...

W: Yeah...like, we don't really...since we are...sorta...even though people will try and class you in that category...like even though we don't even operate...we're not a bank at all; we just...we just provide liquidity; *we're market makers*. But they would...you'd always have that perception of...people would...especially...not as much in London cos it's the financial capital but back home, people would think *oh, you work in financial services, yeah...you're just like this; you're just...greedy, just full of money, trying to...that's all you're trying to do...means to an end* basically; that's the perception...sometimes you get.

MC: Okay. Have they said that to you?

W: They'd never say it but...you could...you can nearly feel it off them, definitely, definitely. If the...let's say if you...people were working...I don't know...not a civil servant but people would be...oh, yeah, give you an...I was playing in...I box the odd

time and I was boxing in my local boxing club in Balham...one of the...just met a guy there...and he was a teacher in the local school and he was like *oh, what do you do?* and I was like *I work in...as a broker in the City* and he was like *I'm sure you earn loads of cash* and I'm like *no, my friend...it's...I'm sure they did in the past...it's a lot changed since then; there's people not making that much money anymore* but that's the sort of misconception; they always think you're making a lot more than you actually do. That's one of the main things cos basically you're wining and dining in these top restaurants...at the end of the day, you wine and dine them but like, it's not you...it's for the company, so...

MC: Yeah, sure, expense accounts and so forth...(W: Yeah.)...can I ask in terms of just...it's more of a personal opinion...couple of just questions got with me...one is...how do you think Ireland is viewed globally? How do you think Ireland in Europe, even in terms of the financial markets...in terms of the...financial services...

W: I think...from...the perspective from like, I'd say over here...they, on one sort of...from two, like massive scales...either end of the scales...they think a lot of the government is just a joke...which I agree somewhat and then, on another scale they see a lot of Irish coming over; cos they know we work hard and they see how Ireland has developed over the past...from like, the 80s and see how much it's grown so much, so...and they respect a lot of the business leaders coming out cos if you even look at it...any of the financial service companies, any of the boards here – you'd nearly have an Irish guy on every board...in terms of that, they have sort of two skews of opinion...I think...some of them...it depends on the...the person you talk to also. If they're in the finance sector...they know Ireland has a good, strong finance sector and they've a good, sort of big...obviously M&C is there that keep it going and...but they do see as...it's still...still a minute player in a...which it is on a global scale but...in terms of the people, I think the people...they didn't really respect it as a country, going...I think going forward now, I think they've sort of slightly turned a corner with some of their issues and policies. A lot more needs to be done but I think it's sort of...they have the perception that...they're not really bewildered by it; they're like *oh, it's...it's Ireland* – it's like they've known it for...they're used to stuff like that...not...not stuff like in terms of the financial.

MC: I think Ireland's still *vulnerable*. I mean, the IMF put out a report that, y'know, they may need another bailout; that the economy is still very vulnerable in spite of us having in some ways become the poster child of austerity...

W: Yeah, I do still see it's...definitely vulnerable, yeah, for sure. It's just cos of all the...the whole...well, I think the whole global economy is still...

MC: Being such an open economy?

W: Yeah, like...the whole, like...even today World GDP got downgraded to like not grow...I think grow like 3.1 per cent out of 3.4; so, it's more of a global sentiment and this whole...England is sort of struggling along; America is growing, which is quite surprising but...I think a lot will come to light when this *Quantitative Easing* sort of tapers down, so...

MC: Printing money.

W: Yeah...it's...it's an interesting theory but like they need to spur inflation in a lot of countries...but obviously the fear is obviously *bubbles* that are rising but like...it's...it's sort of throwing fundamentals out the door nearly because...it's quite funny; last week when Bernanke was speaking, he was saying the *FED* will...like cut down the QE when they see good, green shoots in the economy and unemployment comes down. So, with that you expect...okay, strong economy going forward, slowly coming along...the markets sell off because basically they'll see the end of QE coming sooner, which...it's quite weird the way the fundamentals...from someone just stepping into the finance world, they'd be like *hey, the chairman of the Federal Reserve just said the economy's actually progressing...and markets are selling off (laughs)*...like, it's...

MC: Is it to a degree...could you talk about, on one level about *a disconnect* between the, as it were, the market...and the real economy

W: Yeah, they've completely *manipulated the market* like, in my opinion and...I think Europe are...is entering a stage where Japanese...Japan was like 15...20 years ago and I think we will have a sort of lost decade of growth on an EU-wide basis, for sure. It's just cos there's too much...like...like the economies are so...different on a major scale that they just can't function as one, like...and even to...I often have discussions with a lot of people in my office cos we would've...they would've brokered a lot of these foreign currencies before they joined the EU and then their market dried up overnight, and they're like...when you...when [unclear] like joined the EU, they knew the state of each individual con-...they knew unemployment, they knew individual debt of these countries and they're like *they're just lying to the EU just to get in like*...and they...these countries still are and they're hiding their debts; there's not doubt about that but they just need to *put up on a face* so the markets don't absolutely crush their...crush them and then their bonds rise and then they can't borrow from the international markets...so this is...I think, with these Central Banks – it was one thing that *had* to be done...when the financial crisis happened, especially and...to keep down the interest rates...but it would be interesting how it fares out...

MC: So one of the other people I had a conversation with...and he actually just said that: well maybe the market is defining it; the market is going; if you stop your quantitative easing we're gonna go *click-click* (W: Yeah.) so keep it going (W: Yeah.) and it's almost...I wonder how much...no, this might be more about the role of *momentum*. I'm not saying this in a conspiratorial way but actually the role of momentum...I mean, I know momentum has very different meanings on many levels (W: Yeah.) with regard to market discourse and vocabulary but just in general, the *macro-level*, the role of momentum...

W: It's like the *herd effect* nearly where people...well...yeah, it's just...I think...you know I'd say it will taper off – not this year and it won't be the first half of 2014 – I think it'll be the second half will decide...will start cutting it down and if they just do it all on a very slowly...gradual basis, that'll be fine but...in doing that, they've inherited so much debt in the meantime but...I think...I'd be more a pessimistic person. I'd be like...and like I used to study your man Joseph...(MC: Stiglitz)...yeah, and *creative destruction*, and I'm a big believer in that but I *think* in a modern-day world some of his theories obviously can't be applied...unemployment

shoot up to 40 per cent, like if he...it's just it doesn't take...it takes a lot more time and...

MC: And what about well, actually...he draws actually from Marxism and cycles of destruction (W: Yeah.) necessary for...which is what your talking about, (W: Yeah.) is that, that actually...cos if you look at...even at the aftermath of the crisis, there's less competition so there's less investment banks...because they buy each other out... (W: Yes...and then...) so somehow or another, it evolves...

W: Yeah, it'd be sort of...*at the end of the day maybe in 200 years, there'd be one bank and that's it.* (MC: Possibly...)...yeah...

M: And maybe only two stock exchanges in the world?

W: Yeah...well, it's...well then that is one sort of...if you take it on...if you took it on an extreme scale but I'm sure...as long as its managed properly on a centralised, world-wide basis where...like, as long as the FED and the EU and Japan, and like, all the big exchanges, they're all in connectivity of what's going on, what's your main policy going forward maybe they will be able to...

MC: But I know what you do for a living and looking at what they've done thus far, do you think they have the ability to actually do that?

W: At the moment, I think...they'll come up with a lot of force with banks, cos obviously the banks want to *leverage* themselves as much as possible...but I think a lot of...a lot of banks are trying to change that and they're getting in a lot of...regulators on to the boards and...and they are becoming a more healthy, sustainable bank going forward...and I can see that. You can see that in terms of their trading volumes...but I think it will happen for a while. I hope it's managed properly but I can see it...it probably will blow up again in the next...I don't know...five to seven years – it's just human behaviour. (MC: Yeah, it's human...)...like it will...the odd...obviously the big traders will do stupid trades like the *London Whale*, etc., and they will get through the creaks and cracks (*laughs*)...

MC: And that kinda relates then to the *future*; I just wanted to...look, I appreciate this...it was just...yeah...your own future...do you see yourself continuing to work in this or are you...?

W: Yeah...I'm sort of...yeah, I do...I can see myself, anyway for the next few years, definitely working in...definitely finance...inter-dealer broker - I am enjoying it at the moment...to even *look* for another job in finance *is a bit dangerous* cos I have friends that have been out of work for months...so, no, it's definitely...

MC: Is it tight out there in that regard?

W: It is...yeah, it is very tight, like one of my friends, he was trying to get a job in one of the IDBs – *I think they had 10 places for 1,200 applicants*...that's the competition...and then, you can just imagine what banks are getting, they've like, thousands upon thousands...like in terms of...staying put in a job...I'm gonna stay put where I am but I'd say I would do it for a few years and then maybe try and get

into something else cos...it is *a young man's game* what I'm doing, I think...I don't wanna be burnt out when I'm 35, so...that's my opinion but others would say *no, I'll do it for the rest of my life* but that's just...I'll definitely do this and then...cos I do enjoy the markets; I enjoy finance; love the atmosphere...so yeah, going forward I can see myself put for the foreseeable future, so...we'll see, yeah...

MC: Right...that's great...thanks a lot...