

Goldman Sachs "Cuts Out" NYSE Market Business

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According to the foreign media, sources said, Goldman is planning to be on the New York Stock Exchange (NYSE) firm market-making businesses sold to the Netherlands company IMC Financial Markets, and sold 14 years ago the price "freefall".

Goldman Sachs since 2000 SLK from retail dealers (Spear, Leeds & Kellogg) purchased since the market-making business, United States securities market has undergone dramatic changes. Technological innovation has high frequency trading and algorithmic trading becomes a reality, trading floor in open outcry times many years ago has ended.

"Before computer is less developed, would require market makers to keep on stock liquidity, and electronic systems now can be completed. Tong Hongxue Beacon Asset Management LLP fund managers yesterday told the China business news said in an interview with a reporter, but NYSE dual trading system offer advantages in the deals. Manual fix is more flexible, can reduce the impact on the market, to reduce transaction costs.

Goldman Sachs in 2000 for \$ 6.5 billion acquisition of SLK obtains market-making business, and focused on the market's business traded on the New York stock exchange activities. Although the final deal is not imminent, but people close to the situation said negotiations currently sells for around \$ 30 million.

SLK as was on the New York Stock Exchange in one of the strongest trading company, make Goldman a United States stock trading force in the country. Its traders, also known as the "experts" (Specialist), provide stock quotes for both buyers and sellers throughout the day, to facilitate the transaction. Them in thousands of transactions a day capturing spreads between the bid and ask price of, and has a duty to use its own funds in case of large imbalances involved in trading. It is understood that Goldman comes from equity trading revenue topped among the world's major banks.

However shortly after the acquisition, United States stock exchanges began to zoom from the ancient "Hall deal" schema migration. Computer program instantly "Spike" transaction compare human traders already lag far behind.

But specified market maker is still a place on the New York Stock Exchange's trading floor, and computer system compared to the execution of orders, traders themselves are responsible for part of the stock-trading business and have an obligation to provide liquidity for the stock.

With the recent decline in the profitability of the market-making business, banks have started to unload its market-making business, selling it to those who have established

powerful electronic trading capabilities of the company. "These companies take the professional road, specializes in trading operations, business, good service, low cost. "Boys dream about the newspaper reporters.

In 2011, the United States banks will sell its market-making business to high-frequency trading firms Getco, the company last year and Knight capital (Knight Capital) the merger of KCG Holdings Inc., its another big high-frequency trading firm Virtu Financial rival in 2011 as designated market makers.

The buying Consortium IMC Financial Markets at Goldman Sachs, whose qualifications are in line with. Website statistics, the company was founded in 1989 in Amsterdam is an electronic transaction company, operating over 90 exchanges worldwide.

"Split market operations could be justified at this time. Because of high profits no longer exists, and higher risk, regulators are also watching them. "A study on capital markets at Baruch College and New York University Professor Bernard Donefer said, " maybe they've seen ominous, and want to put capital into other business lines. "

Funny thing is, Goldman sold the business in United States high-frequency trading is investigated first. Recently, the United States Securities and Exchange Commission (SEC) and the United States commodity futures trading Commission (CFTC) are working together to United States Federal Bureau of investigation (FBI) on the relationship between the high-frequency trading firms and exchanges to investigate, trying to figure out whether the latter had provided special treatment to high-frequency traders, thereby enabling other investors at a disadvantage.

(This newspaper cub reporter Liu Qingxu also contributed to this article)

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