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OCCUPATIONAL ALERT

Release Date:	July 22, 2006
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Occupation:	FLOOR BROKERS & FINANCIAL INDUSTRY

Update: In January 2006, the Philadelphia Stock Exchange announced that it planned to close its equity floor in favor of becoming an all-electronic exchange. The exchange announced that it would do so to conform to SEC requirements under Regulation NMS (National Market System), and it expected that most of its members would be able to make the transition to conduct their business electronically. Virtually all exchanges are moving toward (or strengthening) their electronic capabilities to meet the requirements of Reg. NMS. Thus the April 2005 passage of Reg. NMS marked the end of one era and the start of a new one. The SEC's goal is to create a *true national marketplace* that is designed to protect the interest of individual investors. Therefore even if a small exchange only has a small piece of the market share, if they have *the best bid and offer and automated execution*, other exchanges will be required to route orders to them. This has resulted in the NYSE rolling out a new hybrid trading platform, which is intended to marry the best aspects of the traditional auction-based floor model of *open outcry* with the electronic elements of auto-ex. **There is a lot of discussion about how this will affect Floor Brokers and Specialists, given their concerns that electronic trading may ultimately phase out their occupations.** Indeed when London did something similar, they wound up closing their trading floor within 6 weeks in favor of an all electronic market.

Select References: Electronic Trading Outlook (June 2006)
Securities Industry News (March 27, 2006)
www.phlx.com/news
www.financialnews-us.com (Nov 28, 2005)
www.wallstreetandtech.com (January 12, 2006)