

Index

- Abbey National 21, 90
acceptance business 16, 23
Al Fayed brothers 205
alpha stocks 54, 61
Akroyd Smithers 163
Amsterdam 3, 30, 212, 217
arbitrageurs 134–6
Argyll Group 202
‘Ascot factor’ 217
Association of Futures Brokers and
Dealers (AFBD) 196
Automated Real-Time Investments
Ltd (ARIEL) 63
- balance-of-payments deficits 70
Baltic Exchange 29–30, 123
Banco Santander 83, 211
Bank bills 152, 156
Bank for International Settlements
(BIS) 99, 101, 103, 117
Bank of England 1, 6, 22, 28, 32,
63, 86–7, 90, 110, 114, 117,
134, 142, 144–5, 147–9, 166–
89, 194, 212–13, 215–16
and banking supervision 188–9
Big Bang, role in 32
and credit controls 177
and deregulation 185–7
and discount market 153–8
and exchange rate 173–4
funding policy of 169–70
and gilts market 161–5,
168–71, 176–7
independence 177–82
and inflation 175–6
and interest rates 32, 155–6,
158–60, 176–7
Issue Department 176
late assistance 155
lender of last resort 172
‘moral authority’ of 185
and note issue 171–2, 176
and policy-making 171
and Treasury 178, 182
Banking Act 1979 188
Banking Act 1987 189
Barclays Bank 21–3, 56, 77
Barclays de Zoete Wedd
(BZW) 23, 51, 56, 163
Barings 25, 78
Basle Capital Convergence
Accord 84–5, 214
bear raiding 62, 203
bearer bonds 145, 148
beta stocks 54
Big Bang 3, 11, 17–19, 22, 25,
41–3, 69, 136, 157
details 48–50
and gilts market 32, 161,
163–5, 192

222 Index

- Big Bang *cont.*
and mergers 50–2
origins 44–8
wider effects of 57–62, 200–2
- Blue Arrow affair 93
- Boesky, Ivan 204, 206
- Branson, Richard 61
- Brazil 73
- Breeden, Richard C. 204
- Bretton Woods exchange-rate system 112–13, 121
- broker-dealers 49, 57
- British Telecom privatisation 47
- building societies 7, 15, 21, 88–90, 172
- Building Societies Act 89
- bull market 41, 52–5
- Bundesbank 40, 104–5, 115, 178–90, 184
and German monetary union 181
- Camoy, Lord 50
- Cazenove 50
- Cecchini report 210–11, 213
- Central Gilts Office 145, 169, 216
- Central Moneymarkets Office 145, 170, 216
- certificates of deposit (CDs) 144, 152–3
- Chamberlain, Joseph 5
- Charterhouse Japhet 78
- chartists 108–11
- Chicago futures and options markets 30–1, 120
- ‘Chinese walls’ 201
- Citicorp 2, 51, 56, 71, 79, 111, 164
- clearing banks *see* retail banking
- Clearing House Automated Payments Scheme (CHAPS) 172
- Collier, Geoffrey 202
- Coloroll 218
- commercial bills 15–16, 23, 73, 144, 152
- commercial banks 77–9
and Bank of England 6
and mergers and takeovers 87–8
and mortgage lending 89, 92
see also retail banking
- Competition and Credit Control 86
- Cooperative Bank 21
- County NatWest 22, 52, 93
- corset 86, 177
- credit controls 86
- Credit Lyonnais 164
- Crocker National Bank 23
- Daiwa 164
- Davison, Ian Hay 194–5
- Daily Telegraph, The* 202
- debt-convertible bonds 148
- debt crisis 7, 69, 70–2, 214
implications for banking 72
- Delors plan 183
- delta* stocks 54
- Department of Social Security 168
- Department of Trade and Industry (DTI) 185, 194, 197, 202, 204–5
- deregulation 7–12, 16, 24, 32, 37, 68–9, 77, 103, 118, 121, 140–2, 149–50, 210
and effects on international banking 80–4
and foreign exchange market 108
- Deutschmark 95–6, 112, 114–15, 122, 175, 179
- discount houses 1, 32, 144, 150–1, 153
- discount market 142–4, 150–3
developments within 156–8
- discount rate 151, 154
- disintermediation 73, 75
- Distillers 202
- Dixon’s 201–2
- docklands 215
- dollar (US) 95–6, 99, 113–15
- ‘double bottom’ chart 109
- economists 106–8, 110
- Electronic Funds Transfer at Point of Sale (EFTPOS) 91

- Elton, Lord 200
- equity markets *see* International Stock Exchange
- equity convertible bonds 148
- Eurobonds 33, 46, 68, 82, 147–8, 214
- Eurocapital 146–7
- Eurodollars 5, 70
- Euromarkets 5–7, 32, 69–72, 81–2, 142–50, 170
and deregulation 149–50
origins 81, 145–7, 186
- Euromoney 146–7
- European Banking Co. 63
- European central bank 115–16, 178, 183–5
- European Currency Unit (ECU) 113, 117
- European Monetary Union 29, 40, 97, 114–15, 182–5, 213
- European System of Central Banks (ESCB) 183
- exchange controls, abolition of 7–8, 21, 103, 118, 121, 142, 186, 192
and Big Bang 45–6, 52
and interest rates 103–5
and ‘portfolio balance’ 107–8
- Exchange Equalisation Account 173
- Exchange Rate Mechanism (ERM) 29, 97, 112–14, 117, 128, 158–60, 175, 180, 182, 184
- exchange rates 101–8, 171, 173–4
- external economies of scale 39
- Federal Reserve Board 180, 184
- financial futures 120–2, 127–8
see also LIFFE
- Financial Intermediaries Managers and Brokers Regulatory Association (FIMBRA) 196, 199–200
- Financial Services Act 195–7
- Financial Times, The* 18, 198
- Financial Times* Stock Exchange Ordinary Share Index (FT-SE Index) 30, 41–3
- options contract based upon 124, 132–3
- First Direct 91
- Fleming, Robert 63
- floating rate notes (FRNs) 72, 148
- foreign exchange market 27–9, 95–118, 214
brokers 27, 99, 101
chartists, role of 108–11
forward market 28, 98, 116
futures market 116–17, 125–7
options market 116–17
speculators 117–18
spot market 28, 98, 116
spread 98, 111
- forward contracts 122
- Frankfurt 115, 212, 215–17
- Fraud Squad 197
- fringe banking 86
- Fuji Bank 93
- fund management 35–6
- futures contracts 123
- futures markets 29–31, 119–40
- gamma* stocks 54, 65
- German Government Bonds 130–1
- Germany, threat from 40
- gilt-edged securities 30, 32, 36, 43, 54, 63, 73, 142, 144, 151, 168–71
auctions and reverse auctions 162, 169–70
and futures market 123, 130–1, 160–5
tapstock 162, 169
wider significance of 165
- golden handcuffs 52
- golden hellos 52
- Goodison, Sir Nicholas 44
- Gross Domestic Product (GDP), financial sector’s share of 37
- Guildhall 166
- Guinness affair 80, 195, 202–5, 218

- Guinness Peat 78
- Hammersmith and Fulham,
London borough of 138
- Hambros 78
- Hashida, Taizo 93
- 'head and shoulders' chart 109
- hedging 29–30, 116, 133–4
- Heseltine, Michael 178
- high-value catastrophe market 35
- Hill Samuel 78–9, 164
- Hong Kong and Shanghai
Bank 23
- House of Fraser 205
- Hugh Smith, Andrew 203
- ICI 93
- Independent, The* 178, 202, 219
- Independent on Sunday, The* 195,
202
- Inland Revenue 168
- insider dealing 200–2, 206
- institutional investors 36, 44, 46,
217
and Big Bang 49, 54
and commissions 58
effects on companies 60–1
and share ownership 59–60
- insurance market 33–5, 215
overseas earnings 33
threats from overseas 35
- interbank market 142–4
- inter-dealer brokers (IDBs) 54,
163–4
- interest-rate swaps 72, 138–40
- interest rates 32, 53, 115, 121, 218
and Bank of England 155–6,
158–60
and exchange rate 103–5
and futures 126, 128–30
real interest rate 105–7
- international banking 4–6, 25–7,
31, 68–9, 214
and debt crisis 70–2
and Euromarkets 82
competition for City 81–4
- International Banking Facilities
(USA) 69
- International Monetary Fund
(IMF) 70–1, 170
- International Petroleum Exchange
(IPE) 30
- International Securities Regulatory
Organisation (ISRO) 19
- International Stock Exchange
(ISE) 17–20, 41–65, 197,
202, 216
commissions 44–8, 54, 58–9
and Europe 212
formation of 63
new market assessed 57–65
pre-Big Bang 44–5
and small companies 62–5
internationalisation 16, 24–5, 28
intra-market dealing 54
investment banking *see* merchant
banking
- Investment Management
Regulatory Organisation
(IMRO) 196
- investment trusts 36, 218
- invisible earnings 38–9
- issuing houses 24
- Japan
banking in 26–7
futures and options trading
in 30–1, 120
threat from 26–7
- Japanese Government
Bonds 123, 130–1
- Japanese Offshore Market 69, 84
- jobbers 44–8, 79
- jobbers' turn 44, 46
- Johnson Matthey Bank
(JMB) 86, 93, 172, 187–9
- junk bonds 75
- Kingfisher Group 201–2
- Kleinwort Benson 25, 78, 80
- Lamont, Norman 107
landesbanken 211
- Law Lords 139
- Lawson, Nigel 104–5, 175, 177,
179, 180

- Leigh-Pemberton, Robin 182, 219
 Lenin 190
 life assurance 35–6
 Life Assurance and Unit Trust
 Regulatory Organisation
 (LAUTRO) 196
 ‘lifeboat’ 85, 172
 Lloyd Webber, Andrew 61
 Lloyd’s Act 193
 Lloyd’s insurance exchange 33–5,
 197
 brokers 34–5, 193
 ‘names’ 34–5, 193
 scandals 34–5, 192–6
Lloyd’s Bank Review 37
 Lloyds Bank 21–3, 78, 79, 91
 Lloyds Bank International 23
 local authority bills 156
 local authority market 142–5
 London Clearing House 21
 London County Bank 85
 London Discount Houses
 Association 1
 London Futures and Options
 Exchange (LFOX) 30,
 123–4, 134
 London Interbank Offered Rate
 (LIBOR) 71, 147–8
 London International Financial
 Futures Exchange
 (LIFFE) 30, 57, 119–20,
 123–5, 127–38, 166
 London Metal Exchange
 (LME) 30, 123
 London Traded Options Market
 (LTOM) 30, 57, 119
 Louvre accord 112–13
- M3 90
 M4 90
 Mansion House 166
*Marché à Terme d’Instruments
 Financiers* (MATIF) 127–8
 market-makers 49, 51, 54, 57,
 61, 151, 200
 Marks & Spencer 90
 McMahon, Sir Kit 65
- merchant banking 15, 23–5,
 66–7, 73
 and mergers 78–80
 move into equity dealing 76–8
 traditional role of 77
 Mercury Securities 25, 51, 163
 mergers and takeovers 25, 53–4,
 75, 92–3, 201, 218
 Merrill Lynch 164
 Mexico 71
 Midland Bank 21–3, 31, 77, 79,
 91–2, 189
 Midland Montagu 22
 Minet Holdings 194, 205
 Minimum Lending Rate
 (MLR) 159
 mobile marzipan layer 52
 momentum models 110
 money markets 31–3, 140–165
 see also discount market,
 interbank market, local
 authority market
 Morgan Grenfell 25, 51, 56, 78–
 80, 93, 164, 202
 Morgan Stanley 47
- Nadir, Asil 62
 National Association of Security
 Dealers (USA) 205
 National Giro Bank 168
 National Westminster Bank 21–3,
 56, 77, 83, 91, 111, 211
 new issues of shares 17, 53, 61–2
 New York Stock Exchange 205
 see also Wall Street
 ‘niche’ players 24–5, 76, 92
 Nomura 164
- Office of Fair Trading (OFT)
 44–5
 oil crisis 6
 open outcry trading 128, 136
 options markets 29–31, 119–40
 American options 119, 125
 ‘call’ options 125
 contracts 124–5
 European options 119, 125
 FT-SE Index options 124

226 *Index*

- Options markets *cont.*
 'put' options 125
 share options 124, 136–8
ostmark 181
over-the-counter market
 (OTC) 134
overfunding 165, 169
- parallel markets 142
Paris 216–17
 bourse 212
 futures and options trading
 in 30–1, 120, 127
Parkinson, Cecil 44, 50
Parnes, Anthony 202
pension funds 36, 218
Pitt, William 178
Plaza agreement 112–13
Pöhl, Karl-Otto 179
Polly Peck Corporation 62, 93,
 203
portfolio balance 107–8
Posgate, Ian 194
price/earnings ratios 55
private share ownership 59–60
privatisations 41–3, 53, 59
programmed trading 57, 136–8
Prudential Bache 164
purchasing power parity 102
Public Sector Borrowing
 Requirement (PSBR) 160
Public Sector Debt Repayment
 (PSDR) 161, 164–5
- Really Useful Group 61
Redwood, John 64
Rees-Mogg, Lord 178–9
regulation 190–207
reinsurance 35
'relationship' banking 93
reserves (currency) 173–4
Restrictive Practices Court 45
retail banking 5, 20–3, 31
 and merchant banking
 business 72–5
 and move into equity trading
 77–8
reverse auctions 162
- Ridley, Nicholas 206
Ronson, Gerald 202, 204
Rothschild Investment Trust 2
Rothschild, Jacob 2, 18, 21, 25,
 50, 76–7
Rothschild, N. M. 78
Royal Bank of Scotland 77, 83,
 91–2, 211
- Salomon Brothers 46
Samuel Montagu 22, 189
Sasse syndicate 193
Saunders, Ernest 202–3
Schroders 78
Securities and Exchange
 Commission (SEC) 204–6
Securities and Investments Board
 (SIB) 196–8, 205–7, 213
securitisation 17, 24, 33, 53, 69,
 72–6, 214
Security Pacific 79
self-regulation 191–200, 205–7
Self-Regulatory Organisations
 (SROs) 196–200
Singapore 120
single European market 63, 82,
 88, 90, 127, 182–5, 199,
 206–7, 210–13
 and supervision of financial
 markets 182–3
 and monetary policy 184
slippage 201
Sock Shop 218
speculators 134–7
special deposits 177
sterling money markets 142
stock exchange *see* International
 Stock Exchange
Stock Exchange Automated
 Quotation System
 (SEAQ) 57
stock market crash 18, 41, 55–7,
 136–8, 179
 and dealing losses 56
stockbrokers 44–8, 79, 200
swaps 138–40, 214–15
Swaythling, Lord 2
Sydney Futures Exchange 127

- syndicated lending 70–1, 82, 147, 170, 214
- Takeover Panel 197
- Tesco 90
- Thatcher, Margaret 113, 175, 177, 179–80
- The Securities Association (TSA) 196
- time zones 39–40
- Times, The* 202, 204
- Tobin, James 37
- Tokyo stock market crash 56, 85
- Toronto 120, 216
- Transfer and Automated Registration of Uncertified Stock (TAURUS) 57, 216
- Treasury bills 144, 151–8, 170–1
- Trustee Savings Bank 21
- unit trusts 36
- Unlisted Securities Market (USM) 62
- US Treasury Bonds 123, 130–1
- Virgin Corporation 61
- Walker, David 196, 198, 205
- Wall Street 19, 45, 47, 137, 204 and 1987 crash 55
- Walters, Professor Sir Alan 180
- Warburg, S.G. 25, 51, 56, 78, 163
- Wedd Durlacher 163
- wheat futures 29
- Whitehouse, Mary 190
- wholesale banking 5, 23
- windfall tax on bank profits 87
- World Bank 70
- zero coupon bonds 148