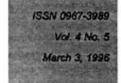
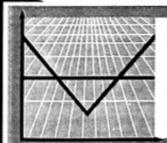
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DERIVATIVES ENGINEERING & TECHNOLOGY

CIBC/WOOD GUNDY DEPLOYS INTEGRAL ACROSS FINANCIAL PRODUCTS GROUP

CIBC/Wood Gundy, the Toronto-based securities house, has teamed up with California-based Integral Development Corporation to develop an application development environment and exotic derivatives trading system based on the vendor's Integral Derivatives Framework (IDF) dynamic object-oriented financial software system.

The project, which is now being moved into its beta phase, is due to be rolled out in live production to CIBC/Wood Gundy's London-based financial products group in early April, according to CIBC officials. Group technologists will then roll the system out to CIBC/Wood Gundy's dealing centres in North America, followed by the Far East.

"As you get deeper into the structured products market, they become increasingly tied to specific conventions found in the markets where they originated," says Pat Kerpan, head of technology for the financial products group. "We'll be progressing site-by-site in a phased rollout to see how IDF performs in the field.

CIBC and Integral systems staff are currently using IDF to create an application development environment to support the securities house's London-based exotics derivatives and structured products business. This system runs on a distributed network of Microsoft Windows NT-based PCs, he adds.

Under the new development environment, CIBC staff can design new derivative instruments within Microsoft Excel spreadsheets. IDF then encapsulates those spreadsheet-based models within objects, says

Harpal Sandhu, president and founder of Integral.

Kerpan adds that this allows CIBC to leverage its existing library of Windows-based analytics modules. In particular, the securities house can use its NT workstations as computation servers within the IDF framework, he says.

Once these encapsulated derivative models are brought into IDF, they integrate seamlessly with the

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INTERTEK GROUP REPORT PROMOTES SCIENTIFIC METHODS IN FINANCE

THE Intertek Group, a Paris-based consultancy house, has published a report entitled Modelling, Simulation and Adaptive Methods in Finance. The report argues that finance is no longer "science-neutral" – instead, it is beginning to resemble a scientific discipline, much like physics or chemistry.

The report also finds that a "new paradigm" of financial theory based on non-equilibrium market concepts is developing, but is only in its infancy. For now, the report concludes that most derivatives professionals are satisfied with the classical efficient market hypothesis (EMH) and the methodologies that have evolved within that framework.

Intertek interviewed over 100 people for the report, including economists, technicians, technologists and