

Fat Finger Errors

A huge 'fat finger' error, worth \$617bn, has recently hit the Japanese stock market. Share orders worth several billion dollars were cancelled in Japan due to a trading error.

At 9.25 a.m. local time, orders for shares in 42 companies totalling 67.78tn yen (\$617bn, £380bn, €488bn) were cancelled, according to data compiled by Bloomberg from the Japan Securities Dealers Association. The total worth of the stock orders was a staggering amount, which could be likened to more than the size of Sweden's economy.

The companies involved in the trading error included Toyota Motor, Honda Motor, Canon, Sony and Nomura Holdings. The biggest order that had been placed was for Toyota shares at 1.96 billion, representing 57% of the company's outstanding shares, for 12.68tn yen through an off-exchange transaction. Off-exchange or over-the-counter trades are conducted directly between two parties without supervision of the stock exchange.

"It's not rocket science that there was a fat finger here, but it reopens the question about accountability," Gavin Parry, Managing Director at Hong Kong-based brokerage Parry International Trading, told Bloomberg.

The trading errors commonly known as 'fat finger' are not a novelty in Japan. In 2009, UBS erroneously ordered 3tn yen's worth of convertible bonds in Capcom. In 2005, Mizuho Securities tried to sell 610,000 shares at 1 yen apiece of a job recruiting firm called J-Com. It had actually intended to sell 1 share at 610,000 yen. In 2001, UBS mistakenly placed a sell order for 610,000 newly listed shares in the Japanese advertising giant Dentsu for 16 yen apiece, while the prevailing market price, or the FMV (fair market value), was 420,000 yen.

Adapted from ibtimes.co.uk

Ex. 1 Find the words or expressions in the text which mean the following:

- 1) pieces of a company's wealth: _____
- 2) to reach the final amount: _____
- 3) to collect information: _____
- 4) very high: _____
- 5) to be compared to something: _____
- 6) a side, e.g. of an agreement or transaction: _____
- 7) responsibility: _____
- 8) a new thing: _____
- 9) an organization that deals with trading on the stock exchange: _____
- 10) mistakenly: _____
- 11) per item: _____
- 12) the amount of money usually charged for something: _____

Ex. 2 Match the expressions from the two columns into logical collocations:

- | | |
|------------------|--------------|
| 1) a fat finger | market |
| 2) the stock | bonds |
| 3) a trading | science |
| 4) to place | a question |
| 5) outstanding | transactions |
| 6) off-exchange | error |
| 7) rocket | shares |
| 8) to reopen | error |
| 9) convertible | shares |
| 10) newly-listed | an order |

Ex. 3 Provide English equivalents of these expressions:

1) dom maklerski	7) przeważająca cena rynkowa
2) błędnie	8) realna wartość rynkowa
3) transakcje pozagiełdowe	9) akcje nowo notowane na giełdzie
4) złożyć zamówienie	10) „czeski” błąd
5) akcje pozostające w obrocie	11) błąd w obrocie papierami wartościowymi
6) obligacje zamienne	12) nadzór

Grammar corner...

Word formation in English is quite problematic for foreign learners, due to the fact that there are many ways in which you can modify words to make new ones. One of them is adding PREFIXES, which means putting something BEFORE a word to make a new one. PRE- in Latin means BEFORE. There are others that have their own meaning. In the text, you read about fat finger mistakes REopening the question of accountability. RE- means AGAIN, UNI- means SINGLE, BI- means DOUBLE, MULTI- means MANY, ANTI- means AGAINST, OVER- means TOO MUCH, while UNDER- means TOO LITTLE, etc.

Ex. 4 Complete the sentences making new words from the stems provided. Use prefixes.

- 1) The tickets are now available in _____ (SALES). You may purchase them before the official release date.
- 2) We're heavily _____ (STAFFED)! We desperately need more employees to finish the project.
- 3) Enron shares were highly _____ (PRICED), which is what may have caused the whole scandal.
- 4) McDonald's, like many other _____ (NATIONAL), are considered deep pockets and are therefore often sued in frivolous lawsuits.
- 5) The _____ (LATERAL) talks between the two countries at war have been suspended because of a border control incident.
- 6) Many products these days are _____ (SEX), which means they are aimed at both men and women.

- 7) Being _____ (ESTIMATED) by your boss is very bad for your motivation and commitment level.
- 8) According to _____ (TRUST) laws, no one business should control the majority of its market, because it doesn't favour competition.
- 9) There used to be a trend in business was _____ (TASKING), but research in this regard has proven that the workers who did it were less productive than those focused on one task at a time.
- 10) We will _____ (CUT) the competitors with dumping prices!

GLOSSARY	
to undercut	podciąć (np. nogi konkurencji)
antitrust laws	przepisy antymonopolowe
to underestimate sb	nie doceniać kogoś
bilateral	dwustronny (np. rozmowy dwustronne)
a multinational	międzynarodowa korporacja
to compile data	gromadzić dane
staggering	przytłaczający
to be likened to something	być porównanym do czegoś
a novelty	nowość
a brokerage	dom maklerski
erroneously	błędnie
apiece	za sztukę
prevailing market price	przeważająca cena rynkowa
a fat-finger error	„czeski” błąd
the stock market	rynek papierów wartościowych
a trading error	błąd w obrocie papierami wartościowymi
to place an order	złożyć zamówienie
outstanding shares	akcje pozostające w obrocie
off-exchange transactions	transakcje pozagiełdowe
convertible bonds	obligacje zamienne
a newly-listed company	nowo notowana spółka
to be sued	zostać pozwany
a frivolous lawsuit	nieuzasadniony pozew
deep pockets	firmy z dużym kapitałem, które są w stanie wypłacić duże odszkodowania
a commitment	zobowiązanie

ANSWER KEY:

Ex. 1

- 1) shares
- 2) to total
- 3) to compile data
- 4) staggering
- 5) to be likened to something
- 6) a party
- 7) accountability
- 8) a novelty
- 9) a brokerage
- 10) erroneously
- 11) apiece
- 12) prevailing market price

Ex. 2

- 1) a fat-finger error
- 2) the stock market
- 3) a trading error
- 4) to place an order
- 5) outstanding shares
- 6) off-exchange transactions
- 7) rocket science
- 8) to reopen a question
- 9) convertible bonds

10) newly-listed shares

Ex. 3

- 1) a brokerage
- 2) erroneously
- 3) off-exchange transactions
- 4) to place an order
- 5) outstanding share
- 6) convertible bonds
- 7) prevailing market price
- 8) fair market value
- 9) newly-listed shares
- 10) a fat-finger error
- 11) a trading error
- 12) supervision

Ex. 4

- 1) pre-sales
- 2) understaffed
- 3) overpriced
- 4) multinational
- 5) bilateral
- 6) unisex
- 7) underestimated
- 8) antitrust
- 9) multitasking
- 10) undercut