European Pressphoto Agency

Traders at the NYSE on May 6.

'Flash Crash' Report Aims To Give Clear Tale of Tape

WASHINGTON—A report on the May 6 "flash crash" in the U.S. stock market aims to give a definitive, second-by-second account of the sudden plunge and is likely to blame a confluence of factors rather than a single culprit, people familiar with the report said.

By Jessica Holzer, Sarah N. Lynch And Kara Scannell

The report by the staff of the Securities and Exchange Commission and the Commodity Futures Trading Commission is set to be released within days.

A draft of the report circulated to SEC commissioners didn't call for any specific policy changes, said a person who has seen it.

Rather, the report attempts to explain how market conditions led to a sudden plunge in the Dow Jones Industrial Average of nearly 1,000 points, wiping out roughly $862 billion in equity-market value in less than 20 minutes during the afternoon's trading.

The report is expected to run about 100 pages and isn't likely to point to novel explanations, people familiar with the report said.

Markets that day already were down heavily on fears around European-debt problems when a number of large trades

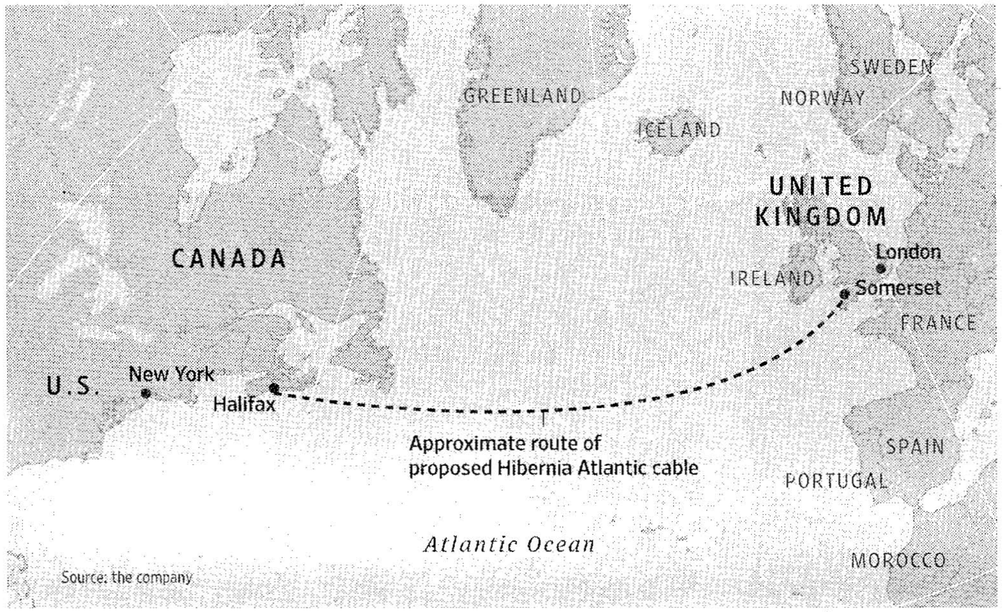
Will Serve High-Frequency Traders

By Doug Cameron And Jacob Bunge

Hibernia Atlantic announced plans Thursday to build a new trans-Atlantic communications cable aimed at high-frequency stock traders, shaving 310 miles from the shortest existing route and cutting execution times by about 8%.

The cable group's plan is the latest effort to link financial centers with new infrastructure, providing ever-faster trading times, and would be the first new line across the Atlantic in more than a decade.

The trans-Atlantic market is the world's second-busiest for financial trades after London-Frankfurt. A new, shorter cable route developed by Spread Networks recently was opened on the third-ranked New York-Chicago corridor.



Closing the Gap

"There has been a gap in the Atlantic market," said Mike Saunders, Hibernia Atlantic's vice president for business development.

Hibernia Atlantic has yet to sign any definitive customer contracts for the project. It is targeting high-frequency traders and related financial firms with round-trip speeds of less than 60 milliseconds, compared with 65 milliseconds using the existing AC-1 trans-Atlantic network.

Mr. Saunders said the company aims to start construction next spring and complete the 3,720-mile cable running from Somerset in southern England to Halifax on Canada's eastern seaboard by mid-2012.

Hibernia Atlantic, a unit of **Columbia Ventures** Corp., a Canadian telecom investment firm, declined to detail the cost of the project, which Mr. Saunders said was in the range of "hundreds of millions of dollars."

Technology-driven trading firms are estimated to make up about two-thirds of daily trading activity in U.S. stock markets and are ramping up growth in overseas venues.

Intense competition to harvest profits from often tiny movements in the price of securities and derivatives has driven speed-sensitive banks and trading houses into new exchange-backed data centers promising the fastest possible trade executions, and toward low-latency connections like those developed by Hibernia and Spread Networks.

The company aims to start construction next spring and complete the 3,720-mile cable running from England to Halifax by mid-2012.

Such links help inform trading programs that need to consider market data coming out of two separate locations, according to Kevin McPartland, who is a senior analyst with market research firm Tabb Group.

"Say there's a tick up in the price of a future, and all the stocks in a certain basket will tick up a fraction of a second later," Mr. McPartland said. "If you can see two milliseconds faster where the futures moved in Chicago and subsequently make the stock trade in New York, you can more quickly capture the spread."

Financial Firms' Need

The 825-mile line between Chicago and New York by Spread Networks was plotted to be more direct than any existing connection, according to David Barksdale, the company's chief executive.

"The market need was highest among financial firms," said Mr. Barksdale in an interview.

Creating Spread's cable link took two years and about 1,000 construction workers at any given time during the project, which has been estimated to cost $300 million, though the company declined to discuss the expense.

Spread's link went live in August and has reduced latency between the two cities to 13.3 milliseconds, undercutting other routes. A millisecond is one-thousandth of a second.

'Haves and Have-Nots'

Such high-speed lines are seen carrying a high price tag. While neither Spread nor Hibernia discussed fees, Raymond James analyst Patrick O'Shaughnessy saw a developing situation of "have and have-nots" dividing the high-frequency trading world, with firms that can afford the service beating out less well-capitalized rivals.

"On the margin we believe this has led to lower trading volumes, at least in the near term, as smaller players exit the business or revamp their business models and/or technology to evolve with the changing environment," Mr. O'Shaughnessy wrote in a research note.

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with the principle of equal treatment for men and women," and she said a provision of European law that grants insurers an exception from discrimination rules should be struck down.

Ms. Kokott's opinion is only advisory; the judges of the European Court of Justice may disregard it when they issue their final ruling. But advocates general are court officers, and in practice their opinions—or at least their lines of reasoning—are frequently followed.

Insurers were taken aback.

If endorsed by judges, the opinion could have "far-reaching implications for the price and availability of insurance," CEA, the Brussels-based industry trade group, said in a statement.

"In some cases, gender is relevant for the risk for very good reason," said Malcolm Tarling of the Association of British Insurers. Women pay less for life insurance because they live longer, he said, and young women generally pay less for auto insurance than men because they cause fewer accidents. Mr. Tarling stressed that the opinion wasn't a final ruling, but he said that if adopted by the full court, some people will see rates rise.

Ms. Kokott wasn't moved by potentially higher premiums. "Purely financial considerations," she wrote, "do not in any event constitute a material reason which would make discrimination on the grounds of sex permissible."

The case stems from a complaint in Belgian court by two men and a consumers' organization that challenged higher male life-insurance premiums.

UniCredit CEO: Ghizzoni

MILAN—The board of Italian bank **UniCredit** SpA, as expected, named Federico Ghizzoni on Thursday as its new chief executive and said its governance committee will propose structural changes in coming weeks.

Nine days after the sudden resignation of Alessandro Profumo, the Milan-based lender chose a 54-year-old successor from within its own ranks.