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Computer errors prompt concern over global stock-trading systems

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NEW YORK — Computers at the Tokyo stock exchange couldn't handle a deluge of orders in the midst of a major selloff this week, and a hiccup at the Nasdaq Stock Market meant investors saw incorrect stock price movements online for much of the day Thursday.

The world's stock markets handle billions of transactions every day, but this week's computer problems at two major global exchanges highlight the fact that while computers are faster and more accurate than human traders, even electronic systems aren't foolproof — a sobering thought when trillions of dollars

are involved.

"These events are definitely a wake-up call for the exchanges to make sure their technology is the best it can be," said David Easthope, an analyst with research firm Celent. "These kind of things can really feed a cycle that can affect investor confidence."

The Nasdaq's computer errors resulted in numerous Web sites and online brokers displaying incorrect price shifts on NYSE-listed stocks. While the prices themselves were correct, the magnitudes of price movements were not, resulting in some stocks appearing to be up when they were actually down, and vice versa.

In the second day of a two-day

selloff, with Japan's Nikkei 225 index off nearly 6%, the heavy transaction volume prompted the Tokyo Stock Exchange's computers to shut down trading 20 minutes before the end of the session.

That left investors who wanted to buy or sell stocks, hoping to either limit their losses or pick up bargains, without the ability to trade at all.

The Tokyo exchange's computers can handle 4.5 million transactions a day, which can represent up to 3 billion shares trading hands. Tokyo Stock Exchange Chairman Taizo Nishimuro said the exchange plans to boost its transaction capacity to 5 million next week and to 8 million by the end of the year. ■