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FITEL

Orient's lure

NEW YORK - Financial Telecommunications (FITEL) is starting to see dividends from its efforts in the Japanese market, firm officials say. Last week **New Japan Securities** started live operations in Tokyo as the first local user of **Equinet**, Fitel's back office communications network. The system will assist New Japan in the settlement of its US trades, Fitel officials say.

Most Japanese firms tend to use the same depositories for their international trading - in the case of the US, it is **Bank of Tokyo Trust (BOTT)** for government bonds and **Daiwa Trust** for equities. BOTT is already on Equinet, and Daiwa is expected to come on in June, according to **Geoffrey Heal**, Fitel's executive director of operations.

In addition, Fitel is "well down the road" to securing similar agreements with **Yamaichi** and **Nikko Securities**, says Heal. The initial move is generally to link them with their US depositories, followed by a similar linkage with the UK and finally worldwide, says Heal. Fitel also hopes to have the **Industrial Bank of Japan** on the system within the next two months, and is also currently negotiating with **Nippon Life** and **Tokio Fire & Marine**.

Fitel has also investigated the

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possibility of marketing a securities lending product in Tokyo. However, he says, the legal environment in Tokyo for securities lending "is extremely complex," and the project is thus on hold at the moment.

With the collapse in volume over the last six months, Fitel - which is dependent to a large extent on the volume of trades that pass through its systems - has faced a "very difficult period," acknowledges Heal. Now, he says, there seems to be light at the end of the tunnel, particularly in terms of the group's movement in Japan. That penetration, he says, has been to some extent a function of Fitel's new shareholder, Japanese executive recruiter, publisher and computing company **Recruit**, which took up a 12% stake in the company early last month.

Fitel is also close to finalizing an agreement with **Fidelity Investment** to commence using its newest product, **Exnet**, a foreign exchange settlement and confirmation product, according to Heal.

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