



Training Programme Subscription

Life as City of London Trader

By: Simon Jeffries, senior trader at Azaries (October 2021)



There have been many changes in the life of a City trader since 1982.

The Stock Exchange trading floor used to operate on an open outcry basis, which was communicating both verbally (shouting) and with the use of hand signals, for example to agree on the purchase or sale of an amount of stock.

In an open outcry market auction, bids and offers must be made out in the open market, giving all participants a chance to compete for the order with the best price between market makers (also known as Stock Jobbers or Jobbers) and broker (also known as dealers).

I was a dealer on the stock exchange floor for a number of years, before moving into an office for telephone trading and then electronic trading.

The role of a Sales trader (Broker/Sell side) was created post Big Bang (the day the stock market was deregulated).

Trading (dealing) was broadly split (depending on the desk of the broking house you worked on) between retail (private clients) and Institutional clients (pension & mutual funds, hedge funds), the actual trading was executed by the Brokers own traders, acting on instructions given by Sales Traders and Client dealers/traders.

The Institutional client side, is known as the Buy side, which operates with dealers on a dealing desk.

Over many years, the Sales Traders (Sell side Brokers) would build relationships with their counterpart at the clients dealing desks.

A typical day would consist of a morning meeting around 07:00 am between Analysts, Sales, Sales Traders & Traders, who would then relay specific Broker ideas/stories for example, on fundamental and economic news, upgrades/downgrades/ Earnings revisions, target price changes of the Companies followed by the Broker analysts.



Different Broking houses have specific levels of expertise and likewise different clients have specific requirements needed for example, Financial Stocks or Biotech stocks only.

What became important was the ability to identify large blocks of stock or illiquid stock and trade this between clients (crossing).

The flow was primarily from orders passed by clients, this then allowed the Sales trader at the Broker to communicate an IOI (Indication of Interest) either by telephone or electronically to clients, who could then respond accordingly, for example if they wanted to trade on a specific block of stock.

The rise of electronic trading, for example huge growth in programme trading (use of computer-generated algorithms to trade a basket of stocks in large volume and sometimes with high frequency) lead to a decline in “high touch” Sales Trading, which saw a large number of Brokers cut back on their desk sizes and that lead people to move on into other areas of business life.

Having had over 30 years (1982 – 2012) of City experiences in various roles, I wanted to broaden out and use my skills in a different way... I then bought into a Property Franchise and joined Collective Clarity.