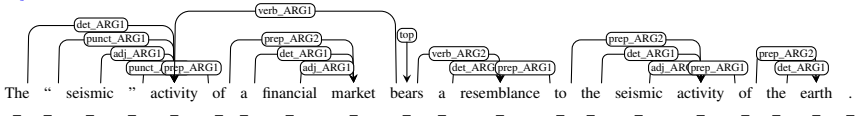


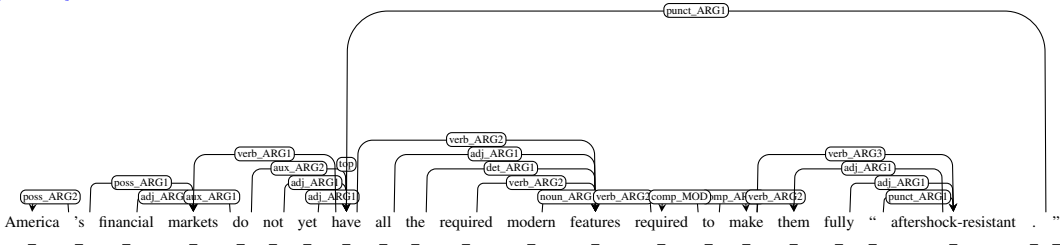
## Document 1622

[21622001]



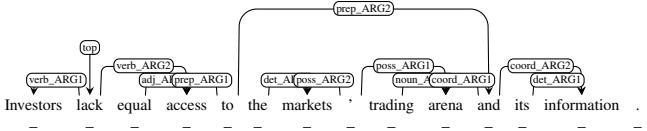
The “ seismic ” activity of a financial market bears a resemblance to the seismic activity of the earth .

21622004]



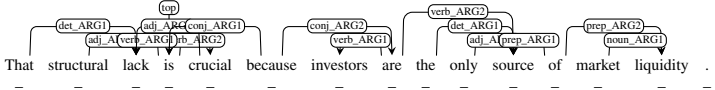
America's financial markets do not yet have all the required modern features required to make them fully "aftershock-resistant."

21622005]



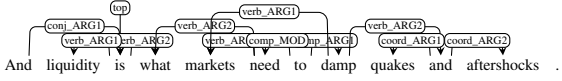
Investors lack equal access to the markets' trading arena and its information.

21622006]



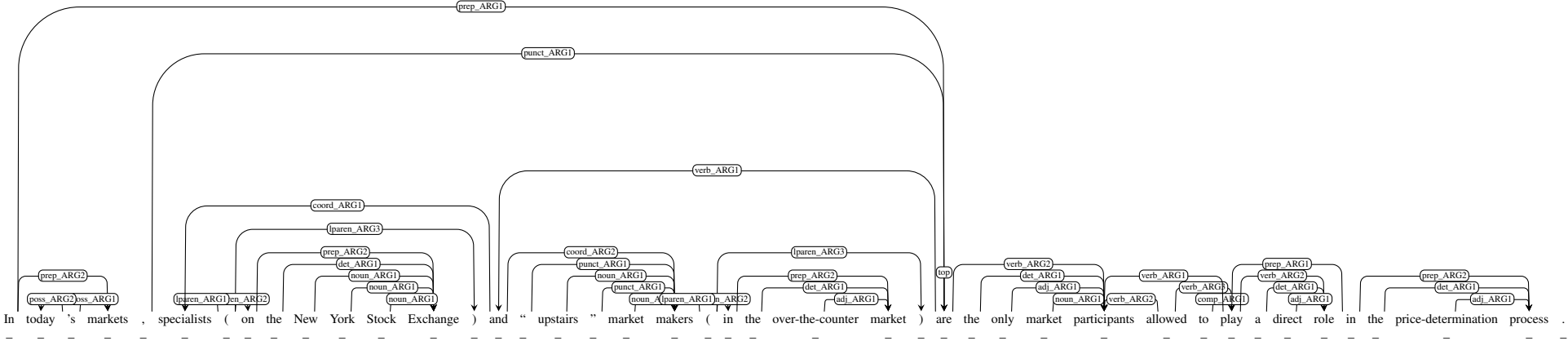
That structural lack is crucial because investors are the only source of market liquidity.

21622007]



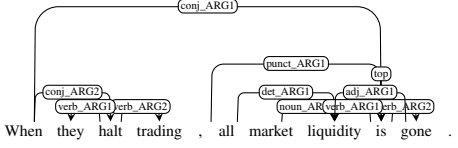
And liquidity is what markets need to damp quakes and aftershocks.

21622008]



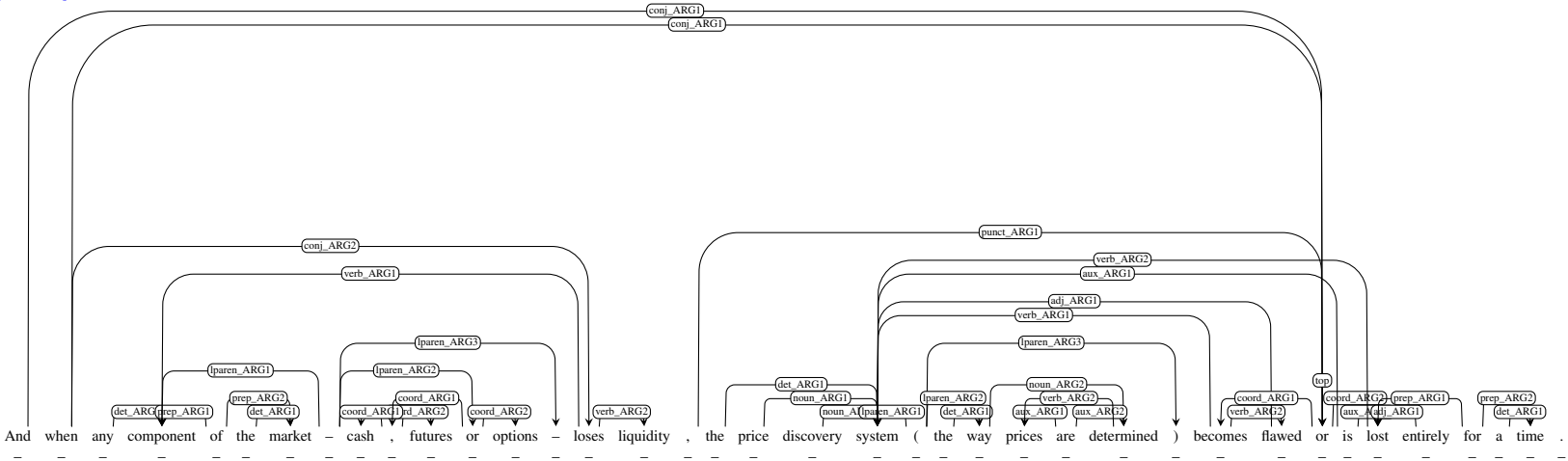
In today's markets, specialists (on the New York Stock Exchange) and "upstairs" market makers (in the over-the-counter market) are the only market participants allowed to play a direct role in the price-determination process.

21622009]



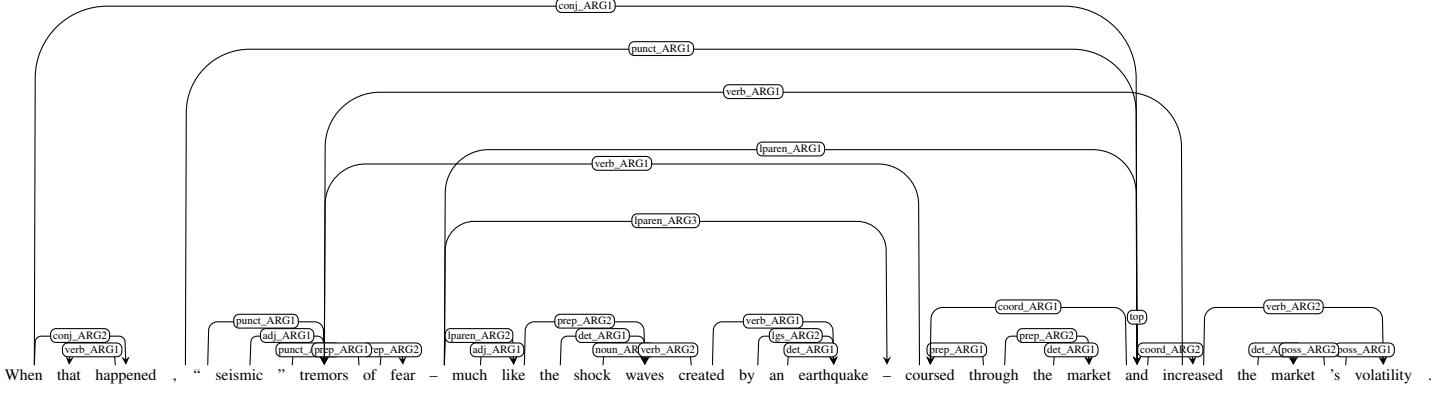
When they halt trading, all market liquidity is gone.

21622010]



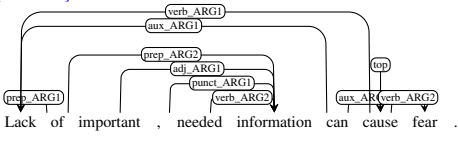
And when any component of the market - cash , futures or options - loses liquidity , the price discovery system ( the way prices are determined ) becomes flawed or is lost entirely for a time .

21622012]



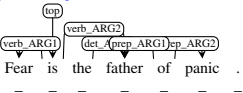
When that happened , " seismic " tremors of fear – much like the shock waves created by an earthquake – coursed through the market and increased the market 's volatility .

21622013]



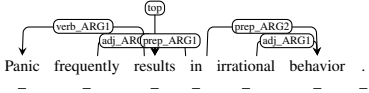
Lack of important , needed information can cause fear .

21622014]



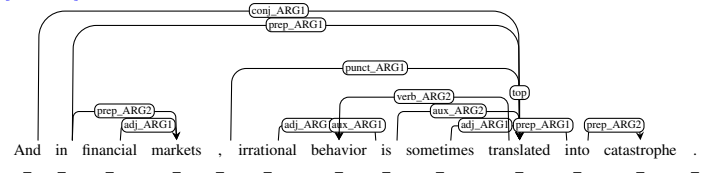
Fear is the father of panic .

21622015]

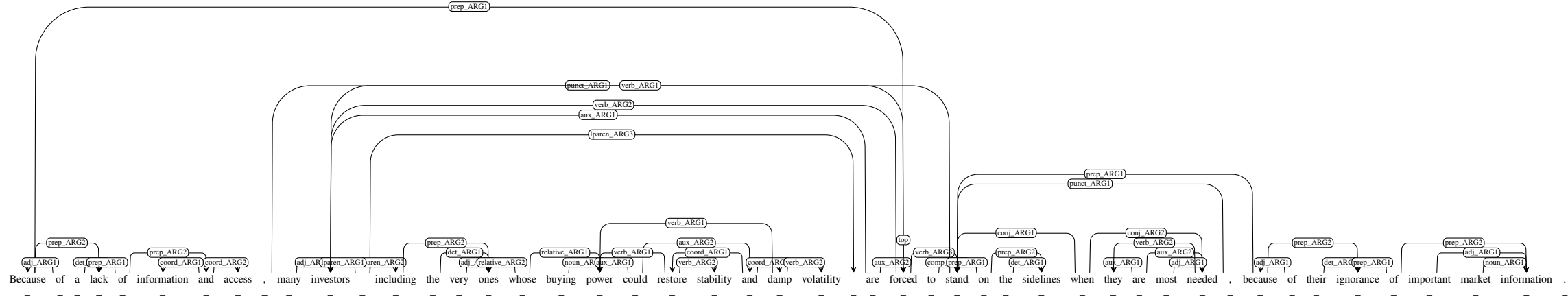


Panic frequently results in irrational behavior .

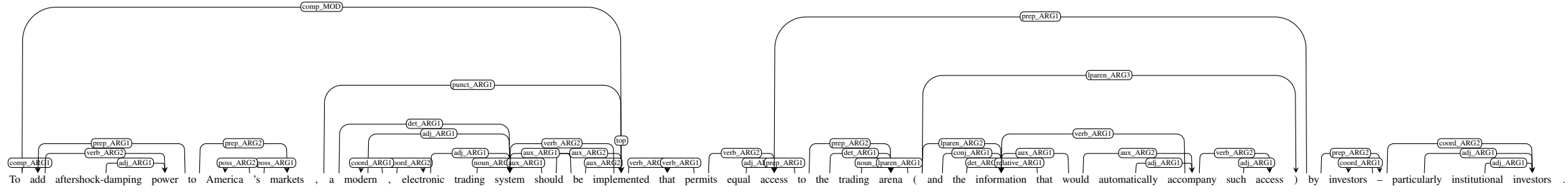
[21622016]



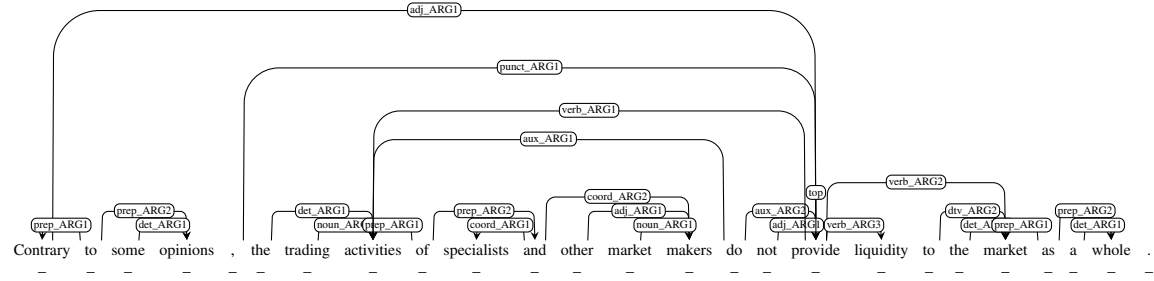
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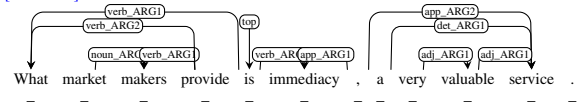
[21622019]



[21622020]



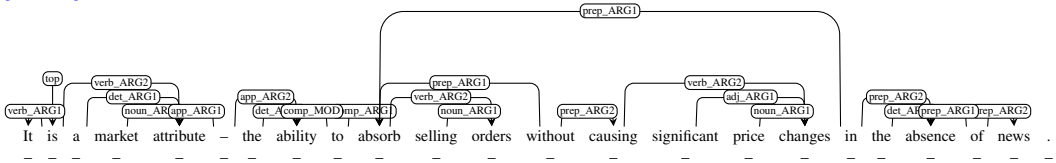
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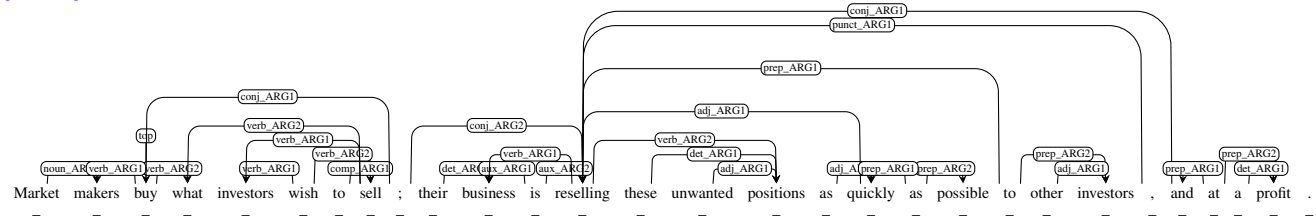
[21622022]



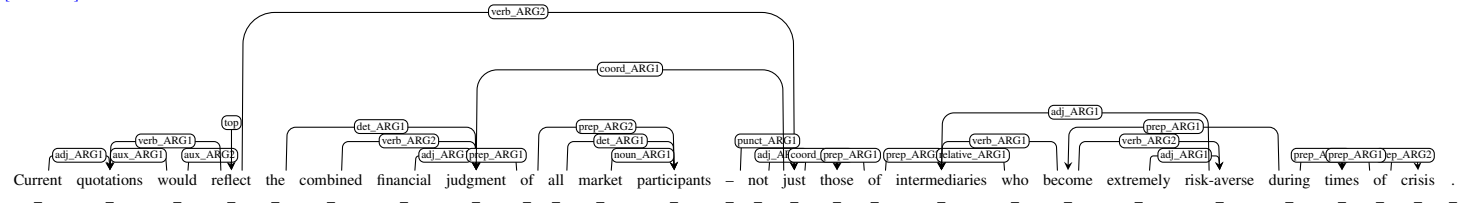
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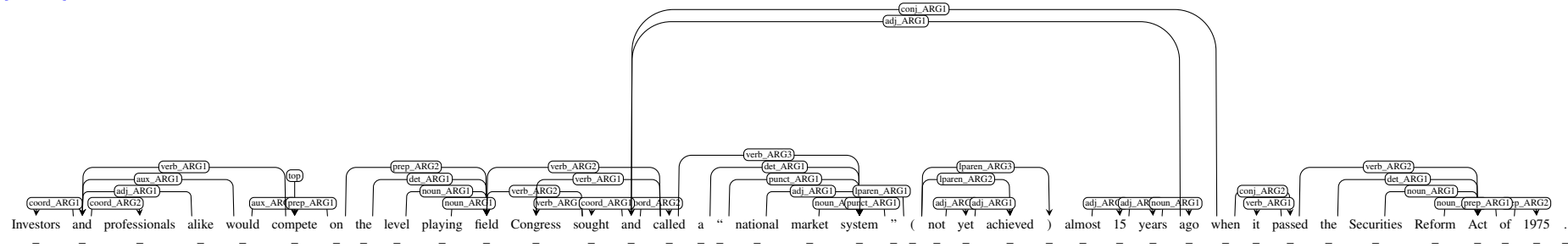
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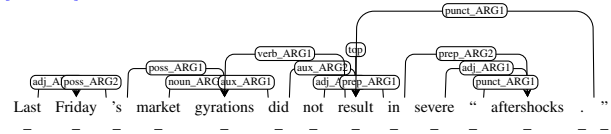
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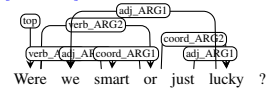
[21622029]



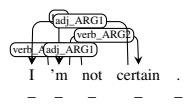
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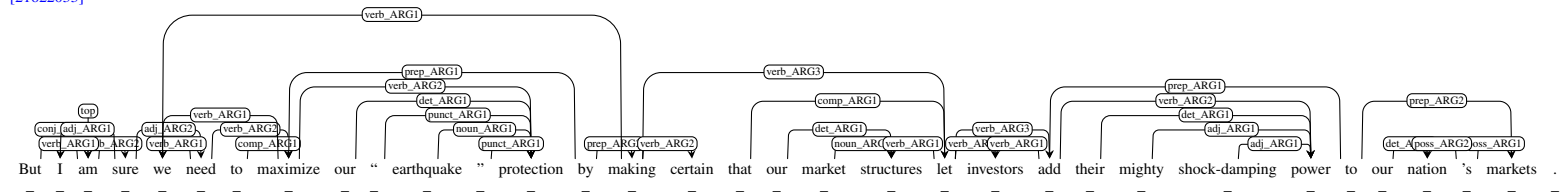
[21622031]



[21622032]



[21622033]



[21622034]

