Retirement Income
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High-speed traders take “some of the cream off the top”: CFTC official

By Editor Test *Wed, Dec 5, 2012*

The Financial Stability Oversight Council is also said to be worried that the accelerating automation and speed of the financial markets, according to a news item in the New York Times.

High-speed trading firms are taking significant profits from traditional investors, in the opinion of Andrei Kirilenko, the chief economist at the Commodity Futures Trading Commission, according to a report in the New York Times.

In a not-yet published study, the Times said, Kirilenko writes that high-frequency traders make an average profit of as much as $5.05 each time they go up against small traders buying and selling one of the most widely used financial contracts.

Kirilenko’s findings are being peer-reviewed, and not all academics agree with them. But Bart Chilton, one of five CFTC commissioners, said Monday that the study will show that “high-frequency traders are really the new middleman in exchange trading, and they’re taking some of the cream off the top.”

Other government officials have merely expressed uncertainty about whether high-speed traders are earning profits at the expense of ordinary investors.

The Financial Stability Oversight Council, which consists of the nation’s top financial regulators, is said to be worried that the accelerating automation and speed of the financial markets may threaten other investors and the stability of the financial system. The Council took up the issue at a meeting in November that was closed to the public, according to minutes that were released Monday.