

# Man who bust the bank

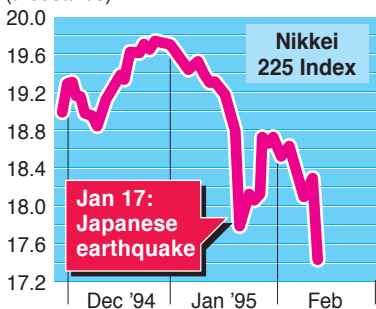
Barings, the London merchant bank which lists Queen Elizabeth among its customers, went bust after a rogue trader lost over £500m on the Singapore derivatives market



## January

Instead of buying shares, Barings chief trader buys a **derivative contract** – the right to benefit from the rise of shares on the Nikkei 225 stock index. An outlay of a few thousand pounds could enable trader to earn several million pounds if the stock market rises

(thousands)



## Mid February

The Nikkei 225 Index falls below its previous low for the year. Each day the trader must pay his losses – buying more contracts in a desperate double-or-quits attempt to cover his losses

## Sunday night



Bank of England announces that Barings – facing losses of more than £500m – will go into administration