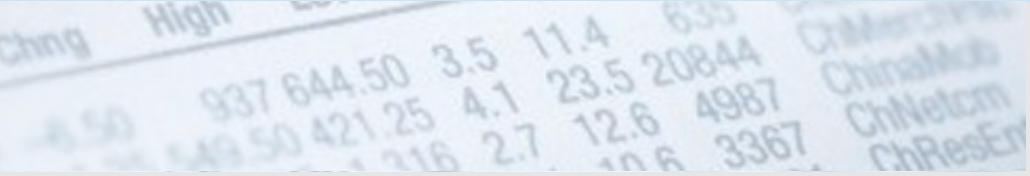




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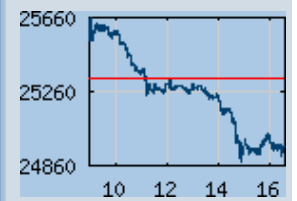
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Shakeups in US brokerage firms

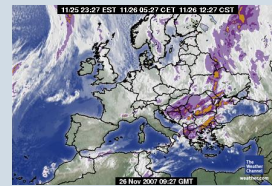
04 Oct 2007 [bbj.hu](http://www.bbj.hu)

Morgan Stanley plans to cut 600 jobs after a decline in mortgage-related revenue led to lower Q3 earnings than analysts estimated, Bear Stearns cut 310 jobs, and Merrill Lynch fired its fixed-income global chief in what has been a busy week for big brokerages in the wake of the subprime loan mess.

About 500 jobs will be eliminated in the United States and about 100 in Europe, including 90 from a British mortgage subsidiary, **Morgan Stanley** said Tuesday. The cuts represent about 25% of Morgan Stanley's residential mortgage origination and servicing jobs, according to spokesman Mark Lake.

Morgan Stanley follows competitors like **UBS** and **Merrill Lynch** in eliminating jobs after record US home foreclosures sapped demand for bonds backed by mortgages. Wall Street firms, which make money by packaging loans into bonds and reselling them to investors, acquired mortgage companies in recent years to get more loans, a trend that is now reversing. Last month, Morgan Stanley reported that Q3 profit from continuing operations fell 7% to \$1.47 billion, or \$1.38 dollars a share, missing analysts' estimates for the first time in at least six quarters.

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Bear Stearns & Co. Inc., a major US investment bank, announced Wednesday that it is combining its mortgage origination lending businesses, Bear Stearns Residential Mortgage and Encore Credit, into a single unit under the name Bear Stearns Residential Mortgage Corporation. As a part of this action, the firm announced the elimination of 310 jobs across its mortgage origination businesses.

Since the beginning of 2007, Bear Stearns has reduced its mortgage origination related workforce by 40%. "We have a powerful mortgage franchise and this combination will allow our account executives better access to the full suite of products Bear Res can now offer," said Tom Marano, global head of mortgages, rates and foreign exchange. "A hallmark of our franchise has been our ability to adapt to changes in the market environment and product demand."

Leading the new combined origination unit will be Jeff Walton, current head of Bear Res, and Shabi Asghar, former head of Encore Credit.

Merrill Lynch & Co., the world's biggest brokerage firm, fired the global chief of its fixed-income division and one of his top two US deputies after losses in credit markets, Bloomberg News reported on Wednesday. Osman Semerci head of fixed income, currencies and commodities, and Dale Lattanzio, co-head of the division's Americas operations, left earlier Wednesday.

"They're holding somebody responsible," Gustavo Dolfino, president of executive search firm **Whiterock Group LLC** in New York, was quoted as saying. "It was musical chairs, and everybody looked the other way, and the music stopped."

Merrill will have to write down fixed-income assets by as much as \$4 billion, resulting in the lowest quarterly earnings in almost six years, **Goldman Sachs Group Inc.** analyst William Tanona said last week. Merrill's fixed-income division accounted for 22% of the firm's \$5.42 billion of revenue in the H1 of this year.



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