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Aches & Claims
Page D3

TUESDAY, JULY 11, 2006 D1



Kathy Giusti, founder of the Multiple Myeloma Research Consortium, helped create a biospecimen bank for her disease.

Rare Diseases Start Research

companies often don't have the resources to find patients. Patient groups have also found that study results often aren't shared with other researchers, and legal fights have broken out over who owns the rights to potential therapies developed from tissue.

Out of frustration over all these issues, patient groups—especially ones focused on rare, underfunded diseases—are increasingly taking matters into their own hands. They are starting their own biospecimen banks in the hopes of accelerating research and gaining more control over the process.

Groups that include the Accelerated Cure Project for Multiple Sclerosis, the Joubert Syndrome Foundation, Cure Autism Now and the Inflammatory Breast Cancer Research Foundation

Please Turn to Page D3, Column 2

Online Stock Trades Get Even Cheaper

Heightened Competition Among Brokerages, Banks Drives Fees as Low as \$1 per Transaction.

By JANE J. KIM

IT'S GETTING cheaper to play the market.

Discount brokerage firms are slashing commissions on stock trades to all-time lows in the latest round of price cuts. This time, though, it's not only established players, such as Charles Schwab Corp. and TD Ameritrade Holding Corp., that are cutting prices. Start-up firms are making a splash by offering low-priced trades, while retail banks such as Bank of America Corp. and Wells Fargo & Co. are using them to build up their brokerage business.

The moves come as a wave of mergers among discount brokerages is creating opportunities for competitors to poach disgruntled customers. At the same time, established financial-services firms are looking to capture more of their customers' assets.

Today, Genesis Securities LLC, a New York brokerage that executes trades for institutional investors, is launching a unit called SogoInvest that plans to charge between \$1 and \$3 a trade, with no minimum balances. This follows the launch of TradeKing late last year, a closely held brokerage in Boca Raton, Fla., which offers \$4.95 trades, also with no minimums.

Though commissions have been steadily declining over the past several years, the pace of the cuts has accelerated in recent months. That's partly due to industry consolidation. In April, TD

Price Choppers

Discount brokerages—and some banks—are cutting trading commissions on stocks. Here's what to look for:

- Many firms will offer discounts based on **account size** and frequency of trading activity.
- Rates may depend on the **number of shares** or the amount of the transaction.
- Some firms are also cutting rates to buy and sell **mutual funds, options and bonds**.
- Before signing up, check out a firm's **service, research and access to other investments**.

Ameritrade, which completed its acquisition of TD Waterhouse Group Inc.'s U.S. retail securities business earlier this year, cut commissions on online stock trades to a flat rate of \$9.99. Former Ameritrade customers had been paying \$10.99 for trades, while TD Waterhouse used a tiered-pricing system that ranged from \$9.95 to \$17.95.

At E*Trade Financial Corp., which recently completed integrating its BrownCo. and Harrisdirect acquisitions, clients now pay commissions ranging from \$6.99 to \$12.99. Those who had been paying lower commissions before the acquisitions—BrownCo., for example, was known for offering \$5 trades—will continue to get that preferred pricing, says a company spokeswoman.

SogoInvest clients, meanwhile, can make real-time trades and set up automatic investment plans for \$3 or less. The firm is currently running a promotion offering new customers \$1 trades for the first 90 days. It plans to add mutual funds, options and individual retirement accounts to its trading platform later this year and fixed-income investments next year.

SogoInvest's founder and chairman, William Yeh, says the company is targeting individual investors with smaller amounts to invest who are interested in setting up a long-term investing plan. He says the company's trading technol-

Please Turn to Page D2, Column 1

Market Plays Keep Getting Cheaper

Continued From Page D1

ogy—a streamlined version of parent company Genesis Securities' trading platform—will appeal to active traders too.

Schwab's price cuts, which went into effect this month, are also aimed at attracting smaller investors, with the expectation that they will become more profitable over time as they amass more assets. For customers with less than \$50,000 in household assets, the price of online stock trades dropped to \$12.95 from \$19.95. Schwab also cut commissions on options, bonds and mutual funds, eliminated some service fees and reduced certain account fees. The company says it expects to offset any lost revenue with increased trading volume, higher customer retention and more assets.

Price was an important factor for Larry Salibra, a 24-year-old entrepreneur in Cleveland, who says he switched brokerage firms from E*Trade to Firstrade Securities Inc. for that firm's

lower commissions and lack of minimum-balance requirements, among other reasons. Since he trades only about four to five times a year, he says, "when I do buy, I don't want to be wasting my investment on commissions."

It is possible that trading fees will go still lower or even be offered free for certain clients at some point, according to industry watchers. "Longer term, the industry is going to move to lower and lower pricing, but the rate of decline is going to be much less meaningful," says Matt Snowling, an analyst at financial-services firm Friedman, Billings, Ramsey Group Inc. At the same time, the difference between what firms are charging has narrowed, especially for active traders and those with big balances.

For affluent investors—typically those with at least \$100,000 in assets—stock commissions currently run in a tighter range of \$10 to \$13, says Merrill Lynch & Co. Inc. analyst Patrick Pinschmidt. Active

traders typically don't pay more than \$10 a trade. Prices tend to vary widely for inactive investors with smaller accounts.

To be sure, price isn't the sole consideration for most individual investors, who also typically consider other factors such as research, investment tools, service and access to other investments, such as no-load mutual funds. "At this point, most customers won't leave because they save a dollar on a trade," says Mr. Snowling. "Typically, price cuts have little impact on actually encouraging customers to switch from one firm to another—although it's a little different when you're talking about the active-trader segment."

Meanwhile, a number of banks and other firms are offering low-cost trades to attract new customers and get existing customers to bring over more assets. USAA, a San Antonio financial-services company, cut prices in May on online and automated telephone stock trades to \$6.95 from \$8. And it reduced the level of assets required to qualify for those rates to \$50,000 in USAA-managed investments from \$100,000. (Investors must also meet certain trading criteria.)

In December, Bank of America moved from a flat rate of \$19.95 per trade for all customers to a tiered structure that offers lower rates to those with more assets. Customers with a basic checking account, for example, get \$10 trades; those with mortgages, higher-balance checking accounts or who trade more can qualify for \$7 trades. Premier or private banking clients can get \$5 trades.

Online brokerage firms, which are in competition with full-service brokerages and banks to attract assets, are estimated to hold about 15% to 20% of their customers' money. Such firms feel there's an opportunity to at least double that share over time, says Merrill's Mr. Pinschmidt. Already, online brokerages have increased their share of U.S. household discretionary financial assets from about 3.8% in 1995 to 10.1% through March 2006, he says. Meanwhile, the full-service and regional brokerages have increased their share to 15.4% and 2.1%, respectively, from 11.3% and 1.2% over the same period.

Besides cutting prices, discount brokerages are also adding new investment tools and other features. Fidelity Investments, which has cut commissions and other fees on its stocks, bonds, options and other products 13 times since 2003, launched new trading tools for its active investors earlier this year and plans to add more soon, says Paul Graham, senior vice president of the firm's retail brokerage business. Rather than cut commissions, optionsXpress Holdings Inc. has focused on improving execution and adding new features, says Chief Executive David Kalt. Earlier this year, the company added trading tools that allow investors to see what other customers, who have implemented similar trades, are doing.

What Firms Are Charging

Discount brokerages and banks are cutting the costs of online trades. Here's how the deals vary for a single stock trade at 10 firms:

FIRM	FEES	WHO PAYS WHAT
Bank of America bankofamerica.com	\$5 to \$14	Commissions are based on total balances across clients' bank and brokerage accounts. Premier and private banking customers get the best rate. Premier banking customers need at least \$100,000 in combined balances, while private banking clients need at least \$3 million in assets.
Charles Schwab schwab.com	\$9.95 to \$12.95	Commissions are based on household balances and trading activity. To get the lowest rate, households need at least \$1 million in assets or need to make at least 120 or more trades over the prior 12 months.
E*Trade Financial etrade.com	\$6.99 to \$12.99	Commissions are based on customer assets and trading activity. To get the lowest rate, customers need to make 1,500 or more trades per quarter.
Fidelity Investments fidelity.com	\$8 to \$19.95	Commissions are based on household balances and trading activity. To get the lowest rate, households need at least \$1 million in assets, or have at least \$25,000 in assets and make at least 120 trades per year.
Firstrade Securities firstrade.com	\$6.95	Flat rate applies to all customers.
optionsXpress optionsxpress.com	\$9.95 to \$14.95	Commissions are based on trading activity. To get the lowest rate, customers need to make nine or more trades per quarter.
Scottrade scottrade.com	\$7	Flat rate applies to all customers.
ShareBuilder sharebuilder.com	\$1 to \$15.95	Clients who sign up for an automatic investment plan pay between \$1 and \$4, and are eligible for 20 free transactions per month if they pay a \$20 monthly fee. Real-time trades range from \$11.95 to \$15.95.
TD Ameritrade tdameritrade.com	\$9.99	Flat rate applies to all customers.
WellsTrade wellsfargo.com	Free to \$19.95	Commissions based on total balances in Wells Fargo bank and brokerage accounts. The lowest rates—including 50 free trades—are available to customers who link their brokerage account to the bank's "portfolio management account" and have at least \$250,000 in balances.

Source: the companies