



# Stanford eCorner

## Investment Banks and Secondary Markets

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Barry Silbert sees investment banks as being "conflicted" in the growing space of secondary markets. In this clip, the CEO and founder of SecondMarket identifies the different investment groups (and their differing desires), and explains why none of these groups has yet to establish a definitive place in the space.



### Transcript

The Investment banks I think are... they're kind of conflicted because you have three different pretty... four different kind of very important groups in investment banks. You have wealth management, investment banking, equity trading, and then kind of the principal side of things. And they all want different things here. Investment bankers want to take companies public, they want to sell them. Wealth managers want to get their clients out of the stock to help them manage the money. The principal guys basically want to screw everybody else and control the information and buy. And the equity capital markets, they'll trade anything. And so to date, their involvement has been...

let's use Goldman as an example and all the major banks, they're buyers on SecondMarket, we're not talking about... broadly speaking across all the asset classes. The wealth management channel are very good sources of referral business for us. The trading guys, they're trying to figure out how to get involved here but haven't been able to figure it out. And I think over time, if they see money, they're going to like, go after it. And we would love to figure out a way to kind of tap into the expertise and the distribution that exists at the major banks. But I've got to tell you, when I first started this company and we were out there in the first year, I took meetings with every single major bank because I thought that they're going to be our key to success. I thought that they're going to be the most important buyers, sellers, partners and after like a dozen meetings, it was like you want to play your brains out. They just... they can't think outside their box and they just don't innovate.

So I think, again, it's going to take... there are going to be very big revenue opportunity that's I think why you saw kind of a Goldman Facebook type deal, but beyond that we're not really seeing a lot of that activity yet. But we will if there's a big opportunity.