

WORKING IN THE FINANCIAL INDUSTRY

Selecting the right sector: Prop Trading

A dark blue diagonal gradient bar that starts from the bottom left and extends towards the top right, covering the lower half of the slide.

PROPRIETARY TRADING

Prop Trading

- Trading for institutions.
- Your client is the Firm

Trading

- For yourself.
 - Conflicts of interest.
- For individuals.
- For institutions
- For a conglomerate of the above.

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PROPRIETARY TRADING

Prop Trading

- Use of firm capital.
- Revenues are typically a % of the net profits.
- Presents fewer conflicts of interest.

Trading as an Adviser

- Trading on behalf of a client.
- Earn revenue in the form of fees and/or commissions.
- Usually represents a small % of revenues.
- Can also be in the form of a management fee.

PROPRIETARY TRADING

Principle

- Register the entity with the State.
- File with the SEC, depending on the intent/size.

Trader

- Broker-Dealer vs. Hedge Fund.
- Exchange Act Rule 15c3-1 (Net Capital Rule)

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SEC Financial Responsibility

FINRA Financial Responsibility

Clearing Firm Relations

Exchange Act Rule 15c3-1 (Net Capital Rule)

https://www.finra.org/sites/default/files/SEA.Rule_.15c3-1.Interpretations.pdf