

Title: Citadel Securities Settles With Fund Over Secret Algorithm

Author: wkowdyw

Created 2021-06-12 03:38:48 UTC

Permalink: /r/ratioatblessons/comments/nxxnqm/citadel_securities_settles_with_fund_over_secret/

Url: https://www.reddit.com/r/ratioatblessons/comments/nxxnqm/citadel_securities_settles_with_fund_over_secret/

Is_self: True

[Citadel Securities Settles With Fund Over Secret Algorithm](<https://www.bloombergquint.com/onweb/citadel-securities-settles-with-hedge-fund-over-secret-algorithm>)

By [Jonathan Browning](<https://www.bloomberg.com/authors/APYfY8lCa6l/jonathan-browning>)

^(June 11, 2021, 12:38 PM EDT) *^(Updated on)* *^(June 11, 2021, 8:59 PM EDT)*

^(June 11 2021, June 11 2021, 12:38 PM June 11 2021, 8:59 PM)

[Citadel Securities](<https://www.bloomberg.com/quote/9869818Z:US>) reached a truce with a British hedge fund over the attempted hiring of a senior trader, ending a lawsuit that was set to consider the makeup of a secret algorithm.

Ken Griffin's market maker and [GSA Capital Partners

LLP](<https://www.bloomberg.com/quote/2165884Z:LN>) reached a confidential settlement, GSA said in a statement Thursday. The agreement followed claims that GSA Capital obtained information on a closely-guarded trading strategy when it sought to recruit a former quant researcher, Vedat Cologlu, at Citadel Securities.

The two firms "recognize and respect the importance and value of the other's rights over their confidential information and intellectual property," GSA said.

Citadel didn't respond to a request for comment. The firm was seeking at least \$40 million in damages.

The London lawsuit, filed at the end of 2019, centered on a crucial automated trading model known as the ABC Strategy that cost Citadel Securities more than \$100 million to develop. The algorithm was so secret that just 15 of the company's 3,000 employees had access to its "strategic logic."

Lawyers for Citadel Securities had insisted that officials at GSA Capital couldn't "unsee" the information or "put it out of their minds."

But the hedge fund said earlier that there was nothing in the trading strategy that would have enabled it to reverse engineer Citadel Securities' trading model. GSA said it anticipated that the code would need to have been "written from scratch" over a period of many months.

GSA, in a legal filing for an earlier hearing, said that it had no plans to run a high-frequency strategy for trading stock.

Both companies as well as GSA Capital's legal counsel gave undertakings to the court as part of the settlement agreement, according to a court filing.

Cologlu said in an email that he also signed a confidential settlement with Citadel Securities "with no admission of liability on my part."