

What is PROP TRADING

& Where does it stand
in the industry today?

Proprietary trading (aka prop trading) is a way to trade on financial markets on behalf of a prop trading firm for a percentage of the earnings without risking your personal resources.

Prop trading is a growing trend in the financial industry, presenting new opportunities for skilled traders who can potentially navigate the changing landscape.

Proprietary trading

US equity markets

20-30%

Proprietary Trading

Proprietary trading firms contribute to around 20-30% of trading volume in the US equity markets. ¹

Market Share & Projections

Skilled traders who seize the opportunities presented by prop trading may be well-positioned for success in future years.

TRADING VOLUME

US equity markets

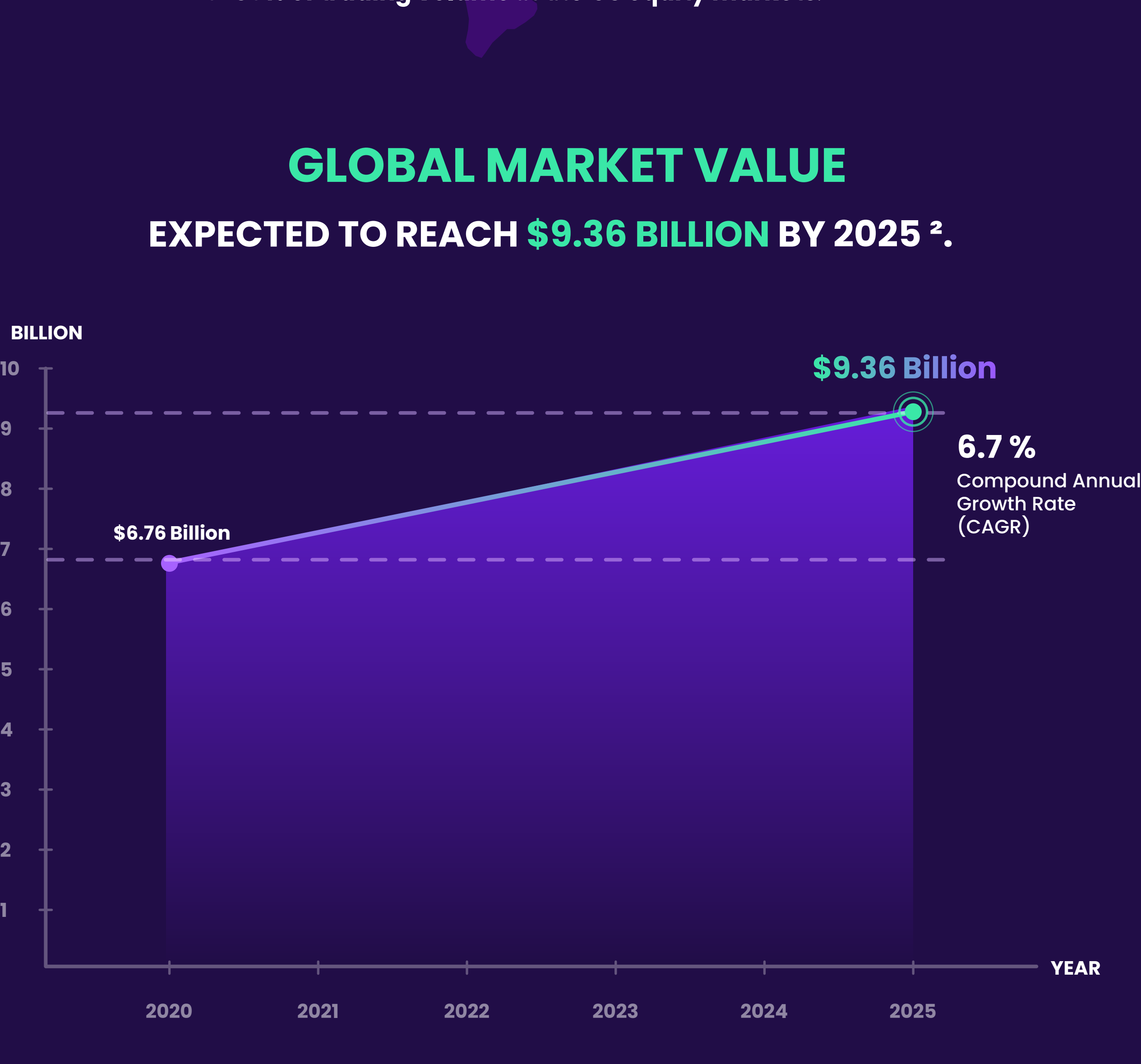
20-30%

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GLOBAL MARKET VALUE

EXPECTED TO REACH \$9.36 BILLION BY 2025 ².



Global Market Valued at approximately \$6.76 billion in 2020 ². Compound Annual Growth Rate (CAGR) of 6.7% ²

Comparative Overview

PROP TRADING

Growth Potential

- Higher Growth
- Large Scale Trades
- Access to high leverage & buying power

Frequency

- High-frequency trading strategies ⁴
- Large number of trades within short timeframes

Success Rate

- 70%

Average Transaction Costs

- 0.1%

Average Holding Period

- 3 days

Business Model

- Firms trade for their account and profit

Market

- Focus on asset classes, including equities, futures, options, and commodities.

Regulation

- Loosely Regulated

Risk & Risk Management

- High Risk Management with 90% average of trades with Stop Loss Orders
- High risk for the company with no direct financial impact on the trader, and with the potential for large profits.
- Sophisticated risk management systems and strategies to mitigate potential losses. ³

Technology

- High reliance on technology, including Algorithmic trading & Automation

Customer Acquisition

- Typically, non-applicable. Primarily focused on evaluating and recruiting experienced traders & analysts.

Skills, Requirements & Accessibility

- Advanced Trading Knowledge & Experience Required
- Learning path, educational material and virtual learning environment provided for new and promising traders.
- Accessible primarily to skilled traders
- KYC & Professional Trader Status are not needed for prop trading.
- Available worldwide, no matter your localized regulator.

FOREX / RETAIL TRADING

- Smaller Trading Accounts
- Limited Growth
- Limited to trader's own available funds and risk tolerance

- Lower trading frequencies
- Hold positions for longer durations ⁴

- 40%

- 0.5%

- 30 days

- Brokers provide trading services to retail clients

- Focus primarily on currency pairs.

- Highly Regulated

- Moderate Risk Management with 60% average of trades with Stop Loss Orders
- Moderate risk, with potential for reasonable profits and losses
- Traditional risk management approaches ³

- Moderate dependence on technology

- High focus on customer acquisition, with various marketing strategies and metrics.

- Moderate Trading Knowledge & Experience Required
- No educational path is typically provided.
- Accessible to traders with various levels of experience
- KYC & Professional trader status are often required for certain trading activities or access to advanced trading features.
- Availability and accessibility may vary depending on the specific regulatory framework and requirements of the trader's country or region.

Accessible Trading For Everyone

Scale up to **€5M**, and
Keep up to **80% of the Profit**.

Login

Sign up



Testimonials

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The Trading Pit partnership model is perhaps unique in the industry and we're looking forward to seeing where they go. We're sure that The Trading Pit's traders will leverage every tool at their disposal and help change the business as they do so. From synchronous data provision from a number of providers to countless trading functions and broker neutral approach, together with The Trading Pit, traders will have the freedom to trade however they like.

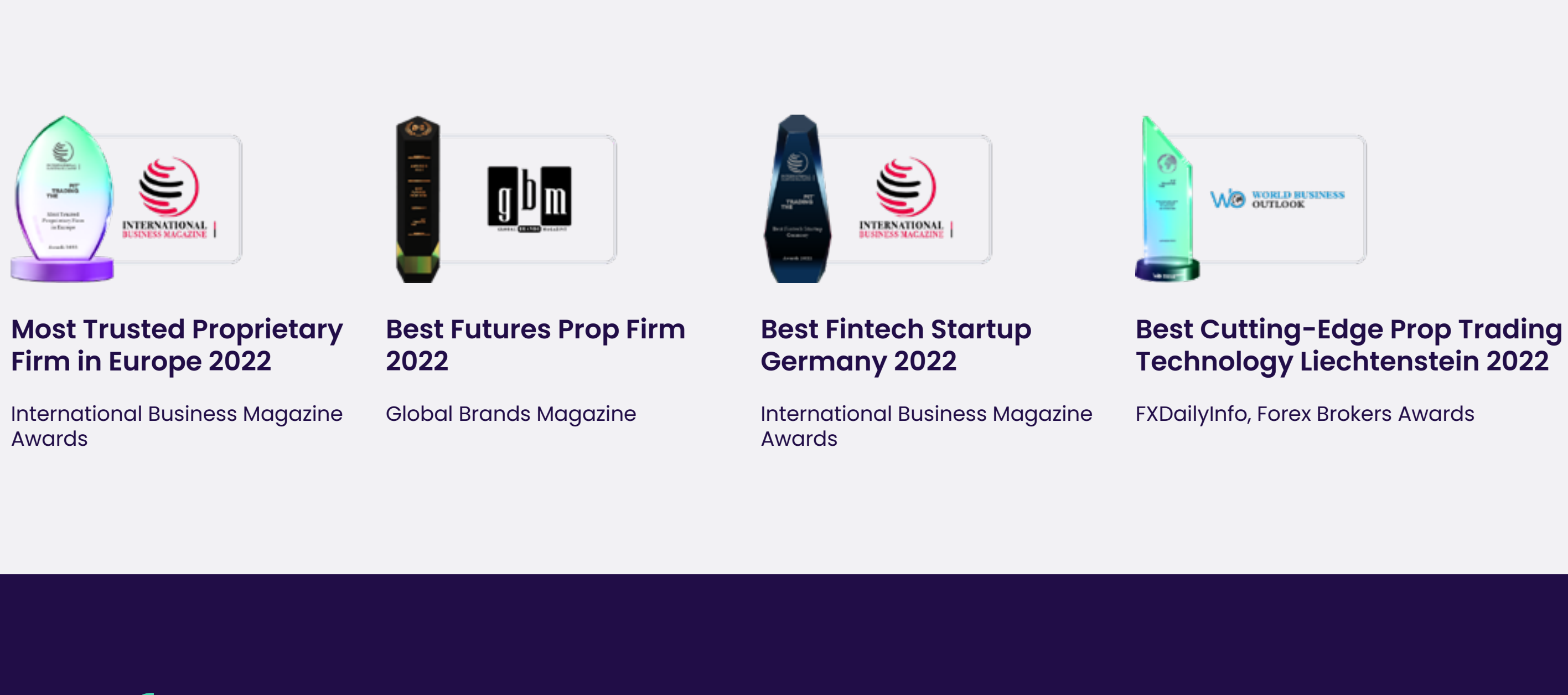
ALEX BOGDAN
CEO/Co-founder of Quantower

QUANTOWER

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Awards



References

- ¹ Source: Tabb Group – “US Equity Market Structure: An Investor Perspective” (2018)
- ² ResearchAndMarkets.com
- ³ Source: Investopedia – “Proprietary Trading: What You Should Know” (2022)
- ⁴ Source: CME Group – “Retail Trading and Institutional Trading: Key Differences” (2021)