



Prop Trader Career Intensive

Hosted By
Derrick Oldensmith

 **TRADING GROUP, LLC**
A UNIT OF T3 COMPANIES • MEMBER FINRA / SIPC

Please Note:

This presentation was created in February 2021.

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The risk of loss in trading options can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage that is often obtainable in options trading may benefit you as well as conversely lead to large losses beyond your initial investment. Past results are not indicative of future results. No representation is being made that any account will or is likely to achieve profits similar to those shown.

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Positions Disclosure

As of the time of recording, I held the following positions:

Longs: AR, BBY, RKT, AMZN, MSFT, JD, BABA, NIO, INSG, PBI, LOTZ, FLY, MGI, WMT, WW, HL

Shorts: LYFT

About Derrick Oldensmith

Senior Trader & Registered Principal T3 Trading Group, LLC

- Licensed With T3 since 2011
- Has mentored over 100 pro traders
- Manages a group of 50+ traders
- 5th-degree Black Belt in Karate
- 2-time world champion kickboxer
- B.A. in Economics from New York University



What We'll Cover

You'll learn about:

- ⦿ What's happening in the trading industry right now
- ⦿ The unique advantages of prop trading
- ⦿ Who succeeds in prop trading
- ⦿ Where T3 Trading Group is going, and how you can apply

Housekeeping

- ⦿ We will send you the recording of this event tomorrow
- ⦿ I will host a Q&A later on

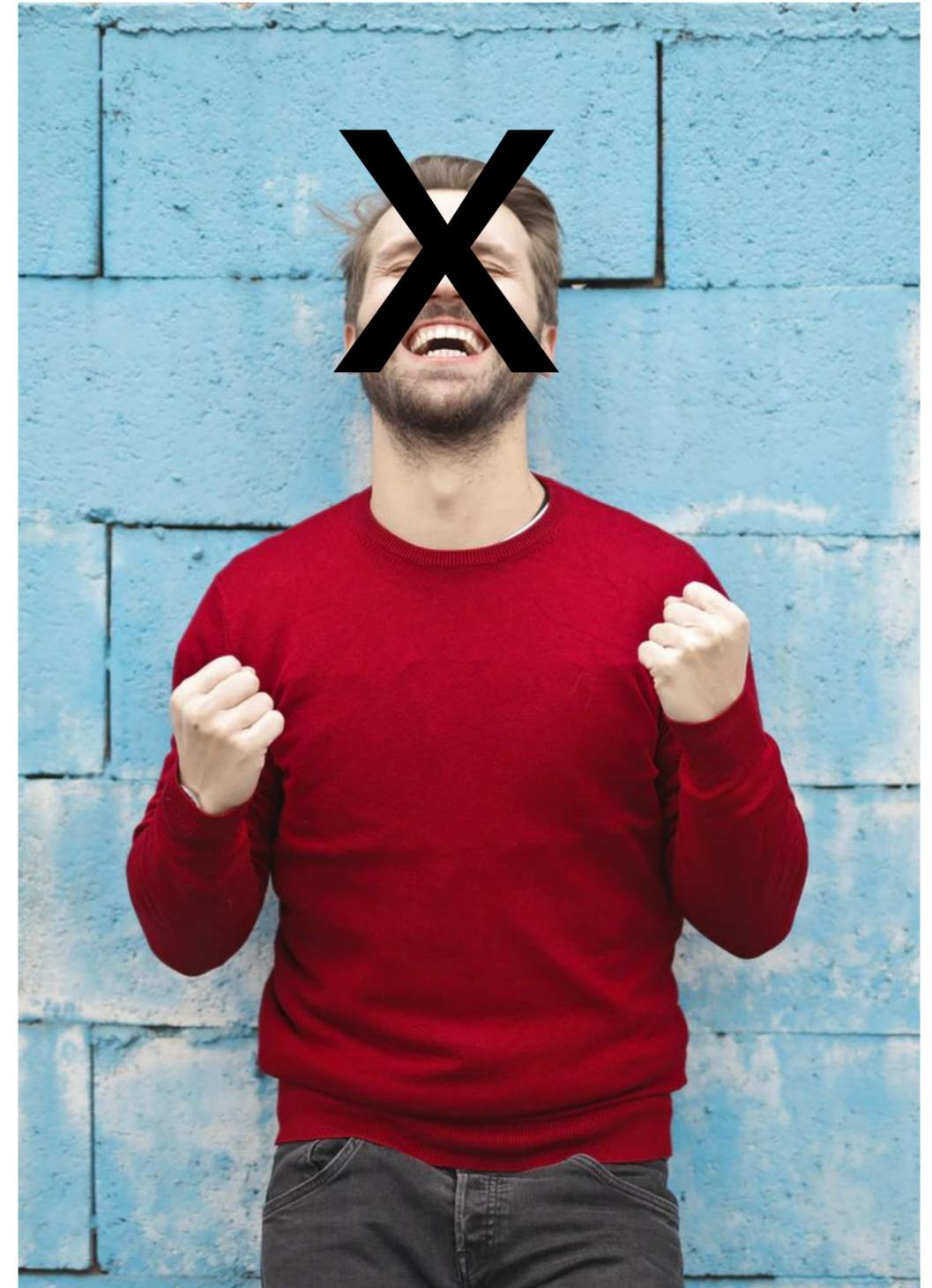
Don't forget!

- You get Pro Desk VTF©room access from 2/19-2/26
 - Friday to Friday
- You will receive your login information at 8 p.m. ET tonight
- Get in the the room tomorrow morning so you can come behind the scenes

And Just So It's Said

Despite What You've Heard From the Smiling Happy Faces on YouTube and Facebook...

- ⦿ Trading is not easy
- ⦿ There are no guarantees of success
- ⦿ Pursuing a trading career is not for everyone



What's Happening In the Trading Industry

Democratization Gone Wild...

Menu Search **Bloomberg Businessweek** Sign In **Subscribe**

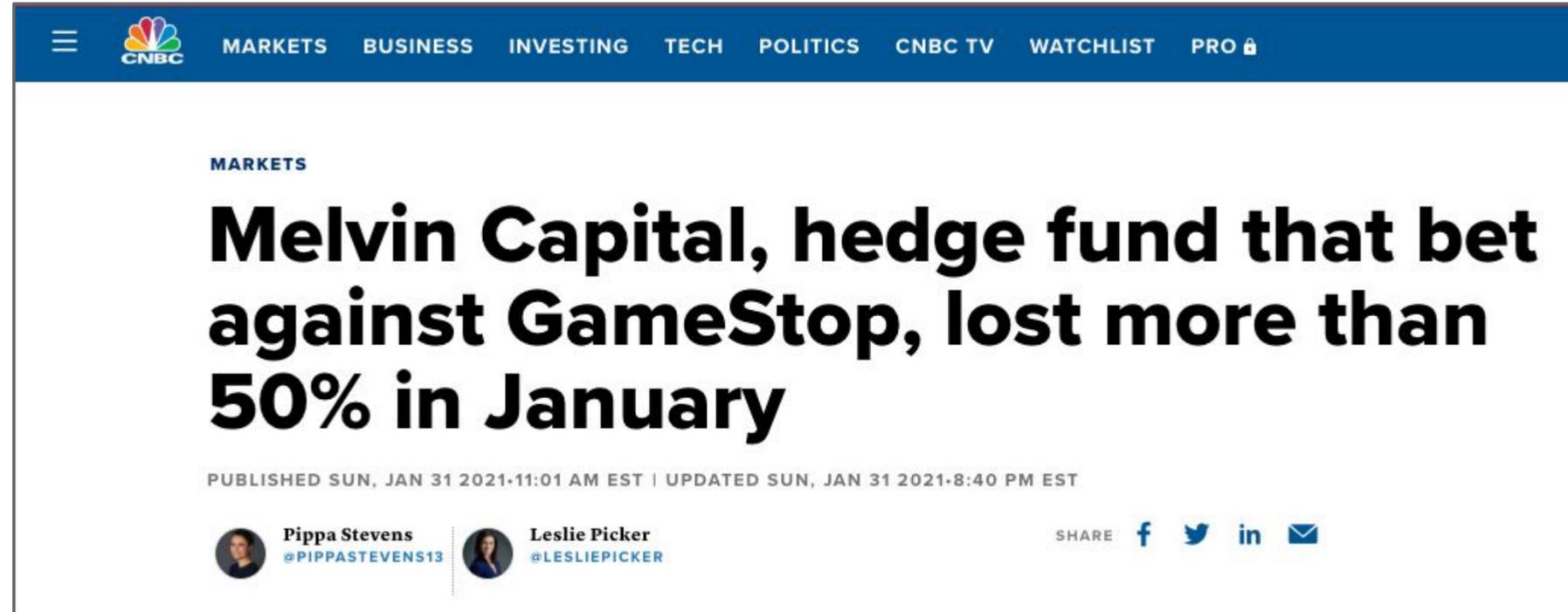
Robinhood's Addictive App Made Trading a Pandemic Pastime

Now the platform has to make money from its devoted fans.

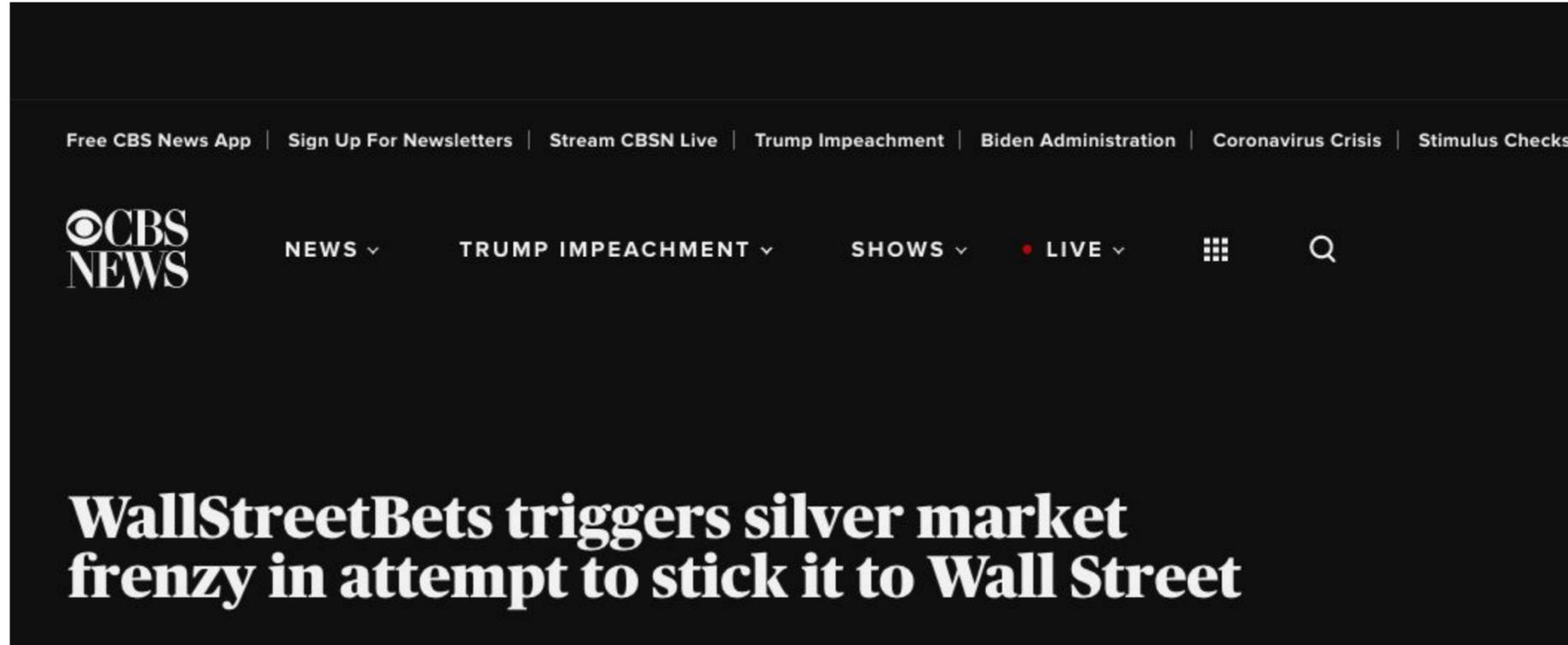
By Annie Massa and Sarah Ponczek

A photograph of a young man with short brown hair, wearing a white hoodie with a small red logo on the chest, blue shorts, and grey sneakers. He is sitting on a bed with a red blanket and a wooden headboard. In the background, there is a window with blinds and a black jacket hanging on a chair with "OHIO STATE" written on it.

Trading is the hottest extreme sport of 2020-2021!



Reddit Wrecked a Massive Hedge Fund



Then They Went to Silver

#wallstreetbets



And then Cannabis Stocks (\$SNDL)

Bitcoin



CNBC MARKETS BUSINESS INVESTING TECH POLITICS CNBC TV WATCHLIST PRO

TECH

Tesla buys \$1.5 billion in bitcoin, plans to accept it as payment

PUBLISHED MON, FEB 8 2021-7:48 AM EST | UPDATED MON, FEB 8 2021-1:43 PM EST

Steve Kovach @STEVEKOVACH

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Bitcoin-Mania Raged Too

Dogecoin



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CRYPTOCURRENCY

Elon Musk, back on Twitter, sends Dogecoin soaring after tweeting his support

PUBLISHED THU, FEB 4 2021 6:21 AM EST | UPDATED THU, FEB 4 2021 7:14 AM EST

Even Dogecoin Caught Fire!



Not to Mention...

- Covid-19
- Politics
- Earnings Season



The Golden Age of Speculation?

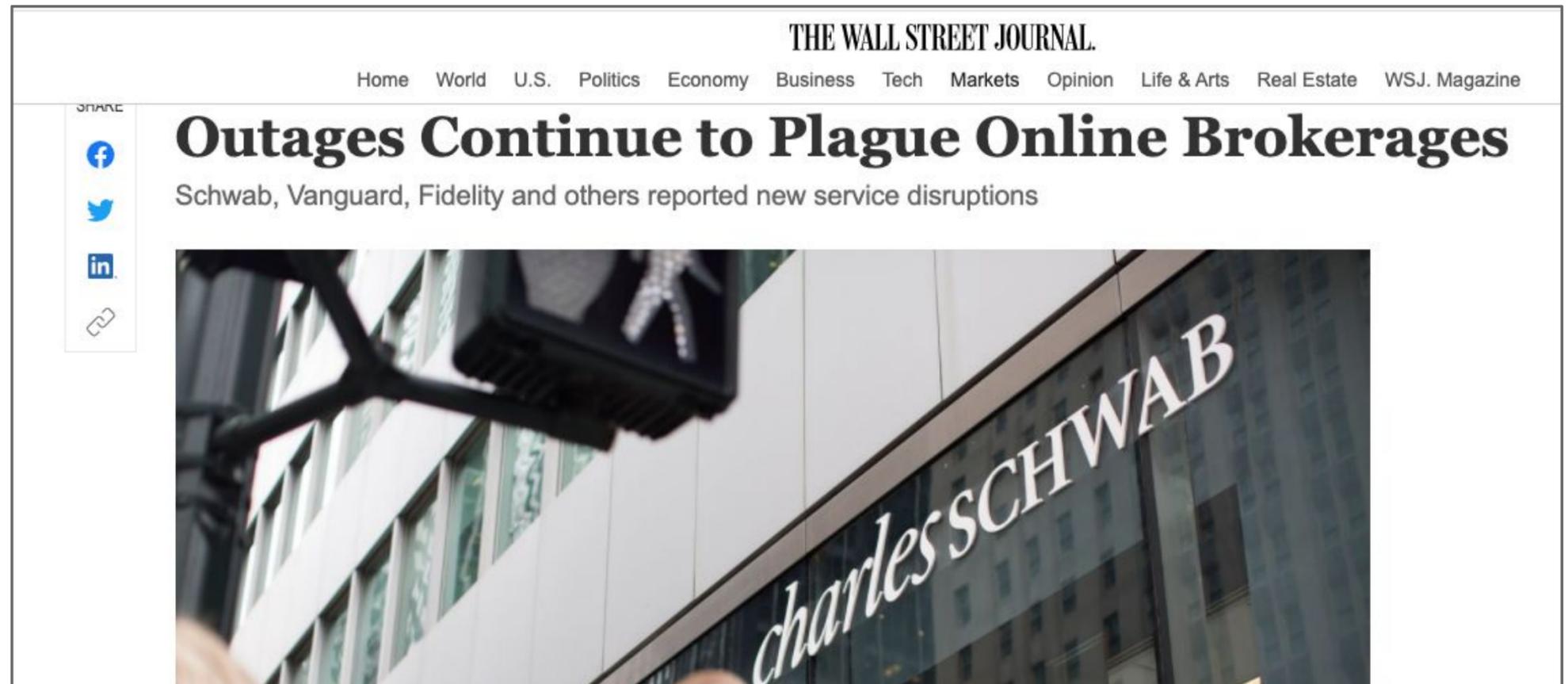
- ⦿ Moves are bigger and faster
- ⦿ You can make a lot more money these days because of the volatility
- ⦿ On the flip side, you can lose a lot more money if you're not prepared

And 2 big risks are rising...



Systemic Risk

- We are not talking about the economy
- We literally mean your trading system
- Our VTF rooms are FULL of people complaining that their trading platforms are down



Execution Risk

SEC statement on Robinhood on December 17, 2020:

“...Robinhood provided inferior trade prices that in aggregate deprived customers of \$34.1 million even after taking into account the savings from not paying a commission.”

Source: <https://www.sec.gov/news/press-release/2020-321>

Worst Recipe Ever

1) Your Platform Fails When You Have Real Money on the Line

AND/OR

2) You are Getting Bad Executions

NOW is the time to think about who you're doing business with.

What Is Prop Trading?

What Is Prop Trading?

Prop traders use the capital of a broker dealer to trade the markets.

- ⦿ Allows the trader to access significant leverage because they can take advantage of the broker dealer's capital base
- ⦿ The prop trading firm receives a small portion of the trader's profits
- ⦿ Prop traders also typically trade full-time to earn a living

Basic Requirements for Prop Trading*

- ⦿ You must become licensed to trade firm capital
- ⦿ You must pass a background check
- ⦿ You must be based in the US to trade with T3

**not an exhaustive list*

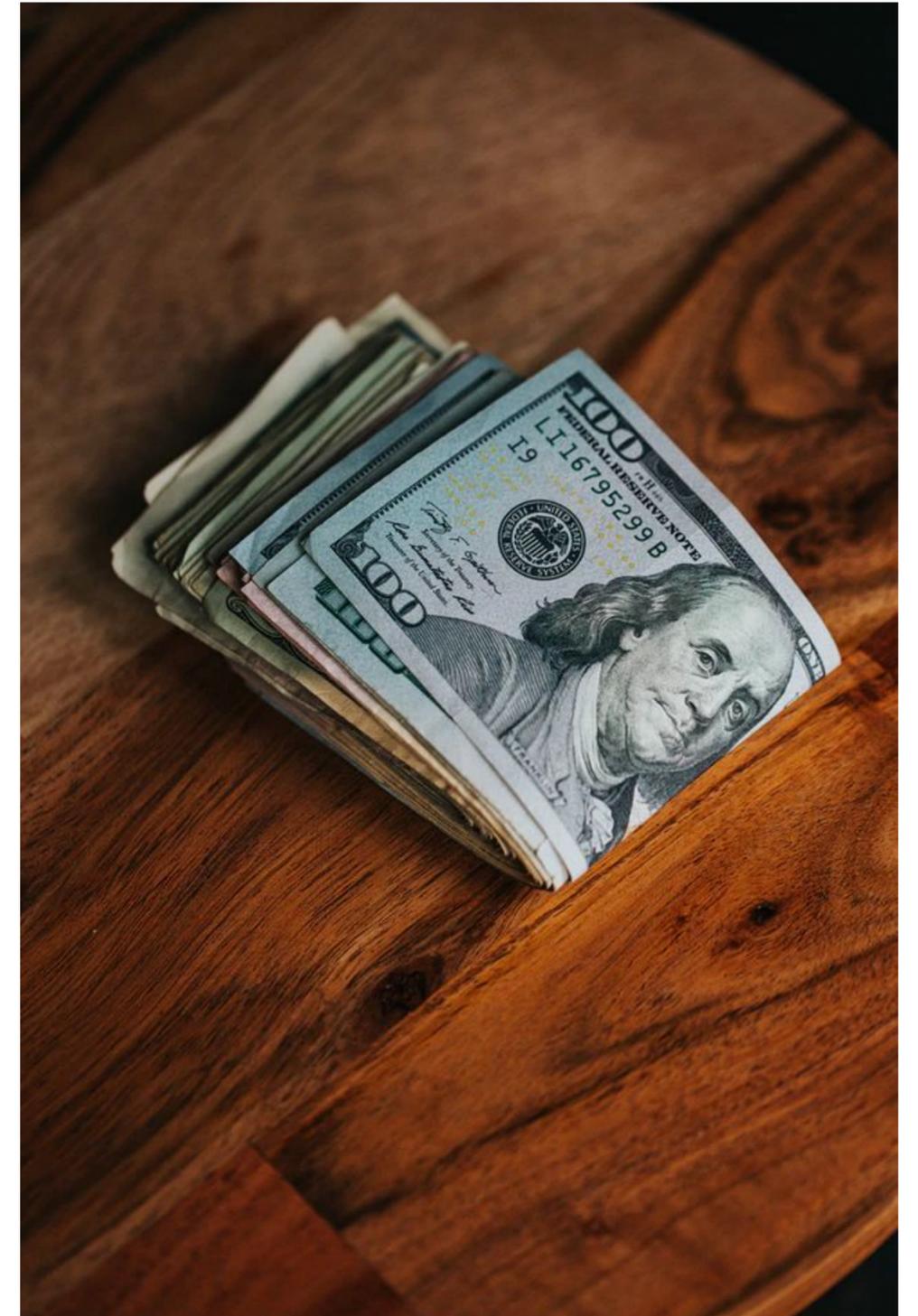
The 3 Big Advantages of Prop Trading

Advantage #1 Buying Power

Access to firm capital is the #1 reason to go prop.

- New prop traders typically get 20X leverage for intraday trading and 8X overnight*
- \$25,000 account typically has buying power of
 - \$500,000 for intraday trading
 - \$200,000 for overnight plays
- Retail traders can typically access 2–4X leverage
 - \$50–\$100K in buying power for a \$25K account

**your exact leverage is determined by your agreement with the firm*



Don't Want to Be Restricted By My Account Size

Say I want to buy 1,000 shares of **AMD** at \$90 (\$90,000 transaction).

\$4,500 required in a 20X leveraged prop account.

\$45,000 required in a typical 2X leveraged retail account.

My Main Concern Is My Stop

Let's say I have a 20 cent stop on that 1,000 share **AMD** trade.

My risk is \$200, assuming no sudden gap and I don't take the position overnight.

So if I'm correct, my buying power improves my reward-risk in a tremendous way.

A Word On Options

- ◉ Many options strategies like straddles and calendars have no equity equivalent
- ◉ But leveraged equities can beat options for pure price speculation:
 - Prop accounts give you lots of leverage on stock/ETF positions
 - Equities are much more liquid than options
 - Equities can be traded before/after hours
 - Equities do not suffer from time decay

Advantage #2 Direct Market Access

Direct Market Access (DMA) allows you to execute trades at the market making venue you wish.

- ◉ DMA is one of my most important tools because I can route orders to maximize my P&L
- ◉ I may execute a particular trade through the NYSE and another through BATS or ARCA
- ◉ I teach order routing to all my new traders



Breaking Down Numbers

- I typically trade 1 million shares per month
- I estimate that my order routing method saves me about a half-penny per share.
 - Let's call it a quarter penny to be conservative
 - **1,000,000 share X $\frac{1}{4}$ penny = \$2,500.**

Big Savings

- ⦿ \$2,500 per month or \$30,000 per year (conservative estimate)
 - That's a mortgage and car payment in many parts of the country
- ⦿ Plus I receive ECN rebates
- ⦿ So I pay commissions, but they are somewhat offset by:
 - The money I save through proper order routing
 - ECN rebates

Why I Want the Control of DMA

Again...

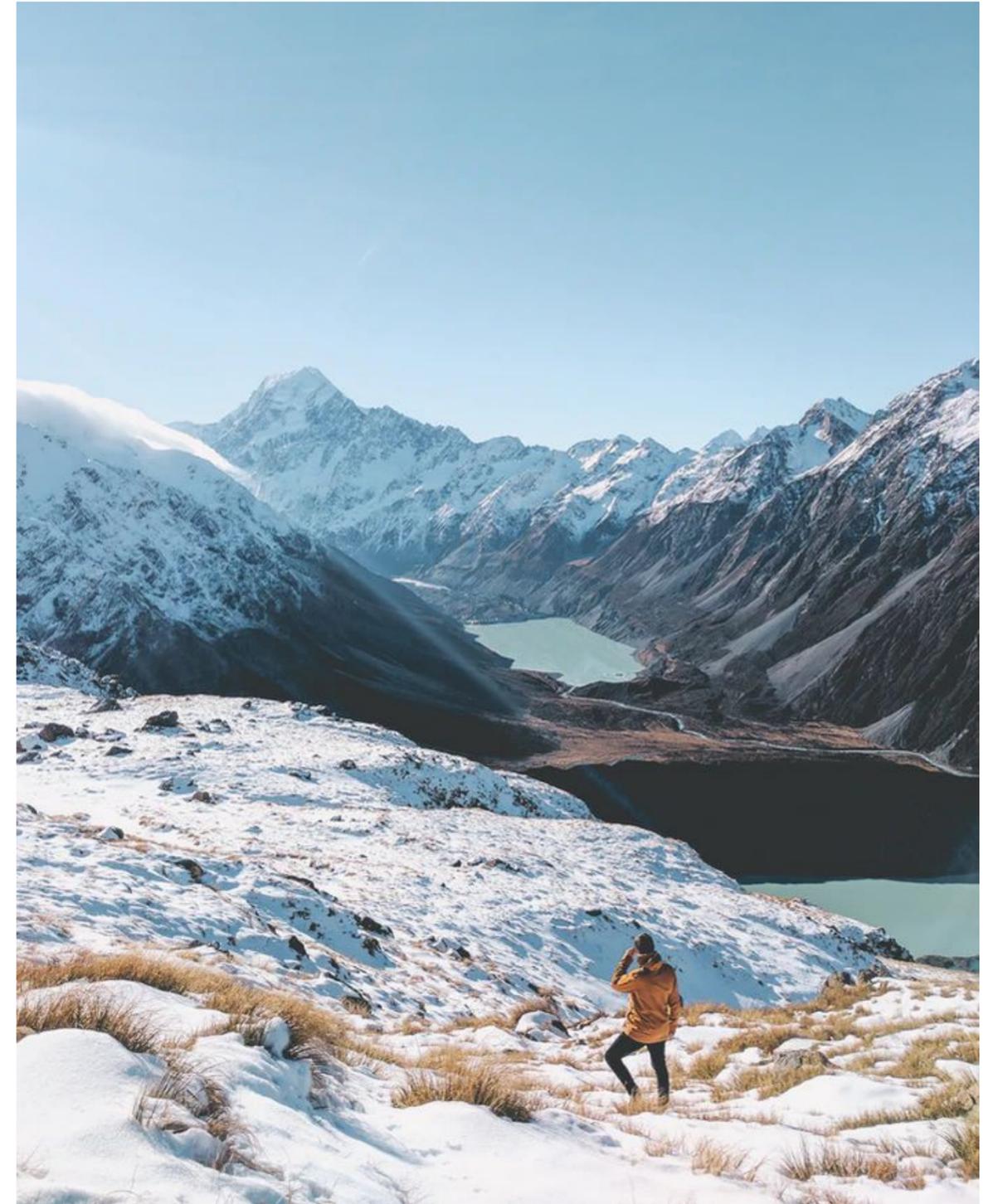
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Advantage #3 Lifestyle Flexibility

During the pandemic, I have traded from:

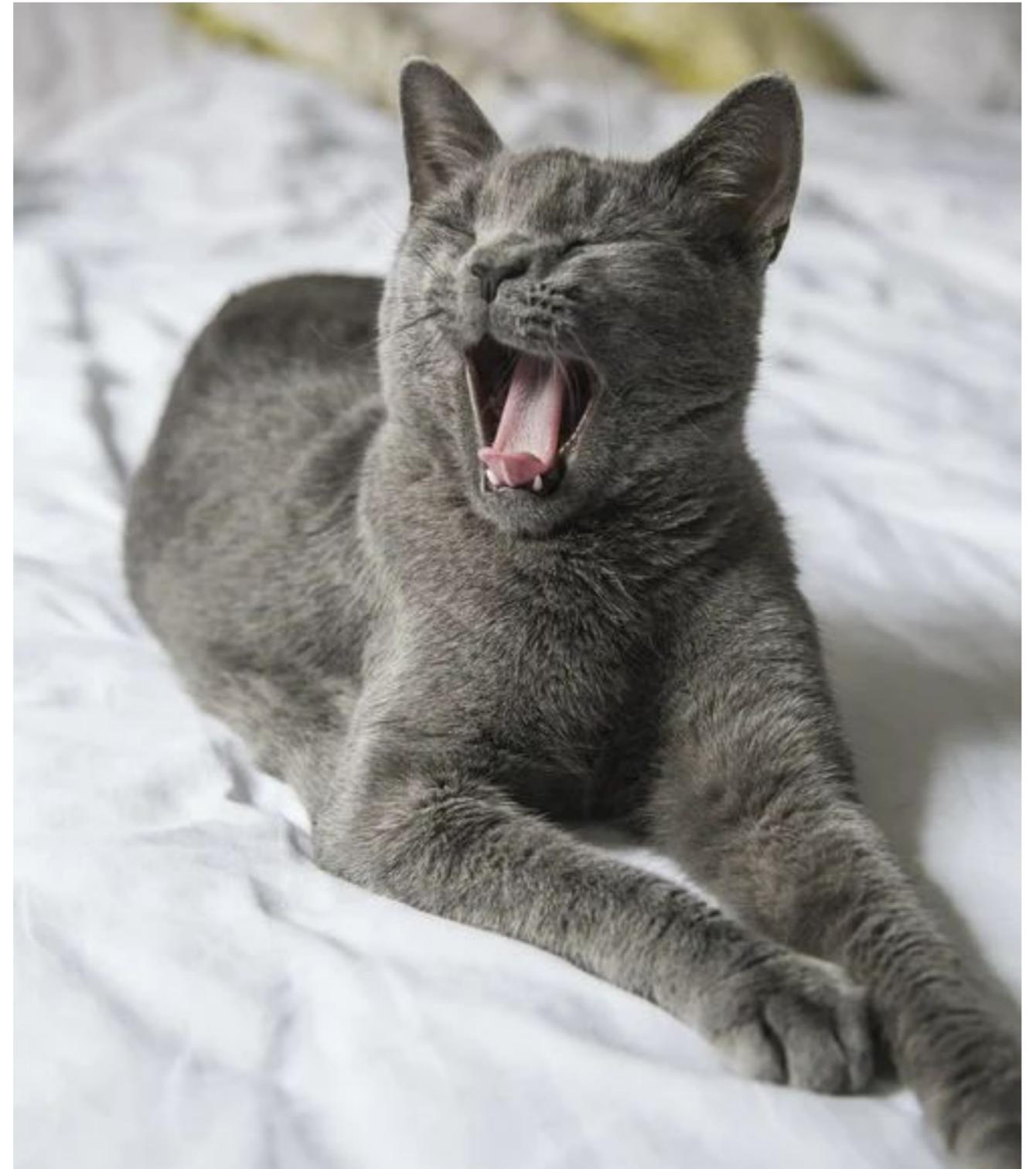
- ⦿ NYC, Upstate NY, Wyoming, Lake Tahoe, Idaho, Montana, and I'll be in Colorado
- ⦿ I will be in Colorado next month



WARNING!

But trading is not easy.

- Trading takes a lot of mental and physical energy
- I work very long hours
- But I choose to because I love what I do



Adding Up the 3 Big Reasons to Go Prop

Why Prop Trading?

Only Prop Trading Offers You All 3:

- ⦿ Buying Power
- ⦿ Direct Market Access
- ⦿ Lifestyle Flexibility

Think About It...

- ⦿ Retail firms can give you Direct Market Access, but you don't get the buying power
- ⦿ Most 9-5 jobs don't give you the flexibility of prop trading
 - Not that prop trading is an easy lifestyle

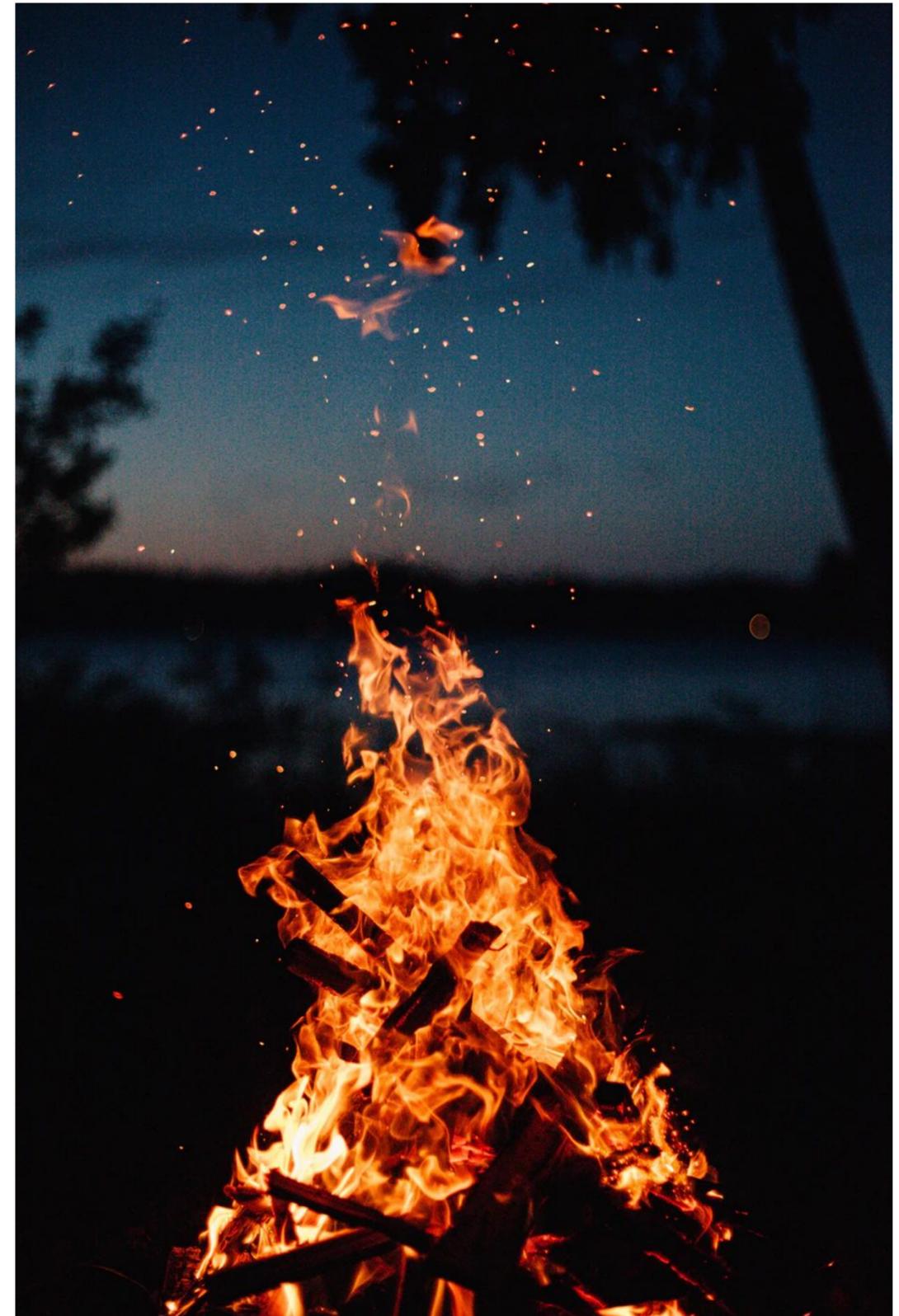
Who Succeeds in Prop Trading?

Reality of Trading

Again, despite what you heard on YouTube, trading is not easy!

To succeed, you must have:

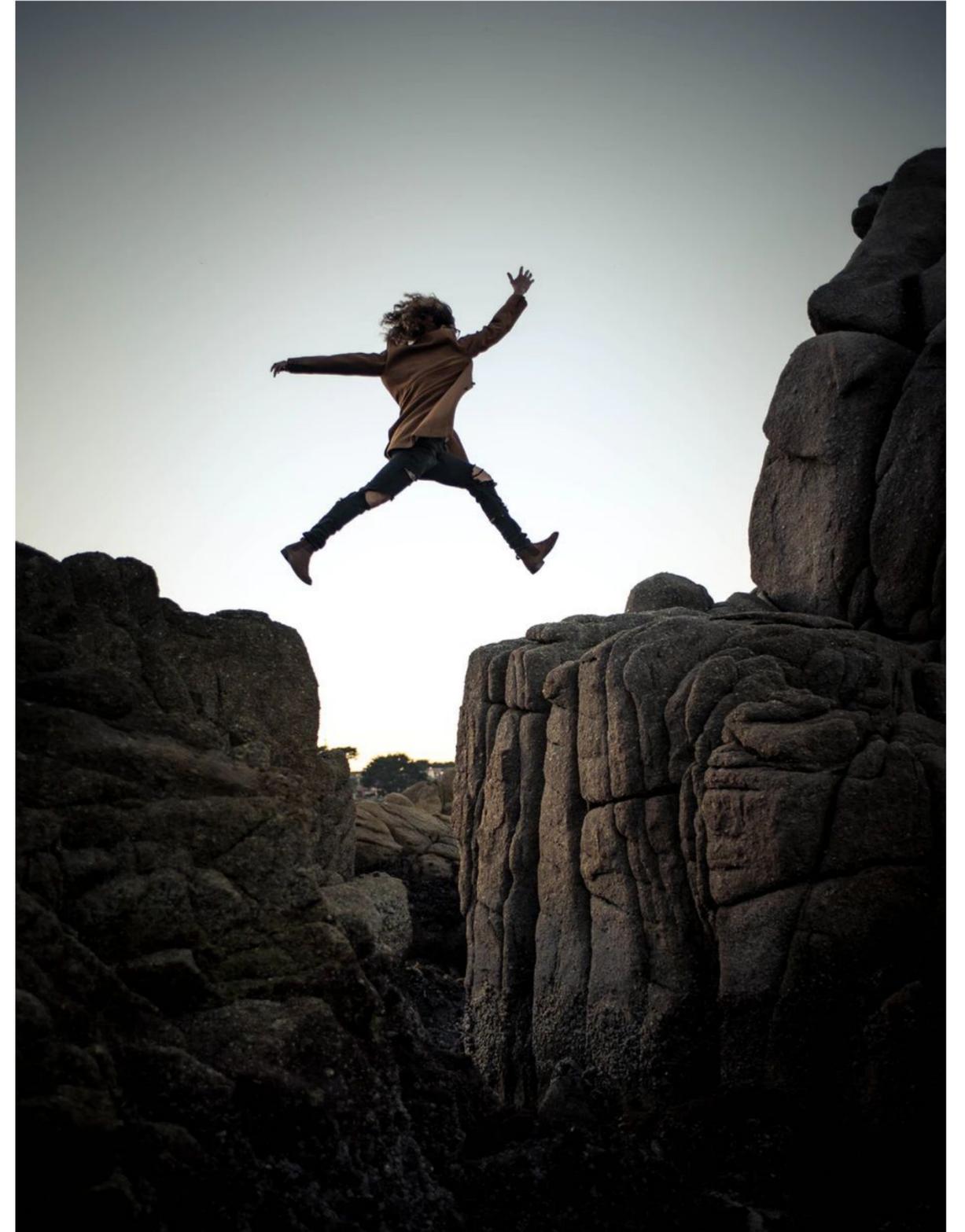
- ⦿ Dedication
- ⦿ A passion for markets
- ⦿ A competitive spirit



The Most Important Relationship

You also need a healthy relationship with risk!

- ⦿ Too much risk could put you out of the game FAST
- ⦿ Too little risk means you never make any real money
- ⦿ You will always work to balance the two



How I Learned

I learned about risk from kickboxing.

One wrong move and I could be lying on the ground, out cold.

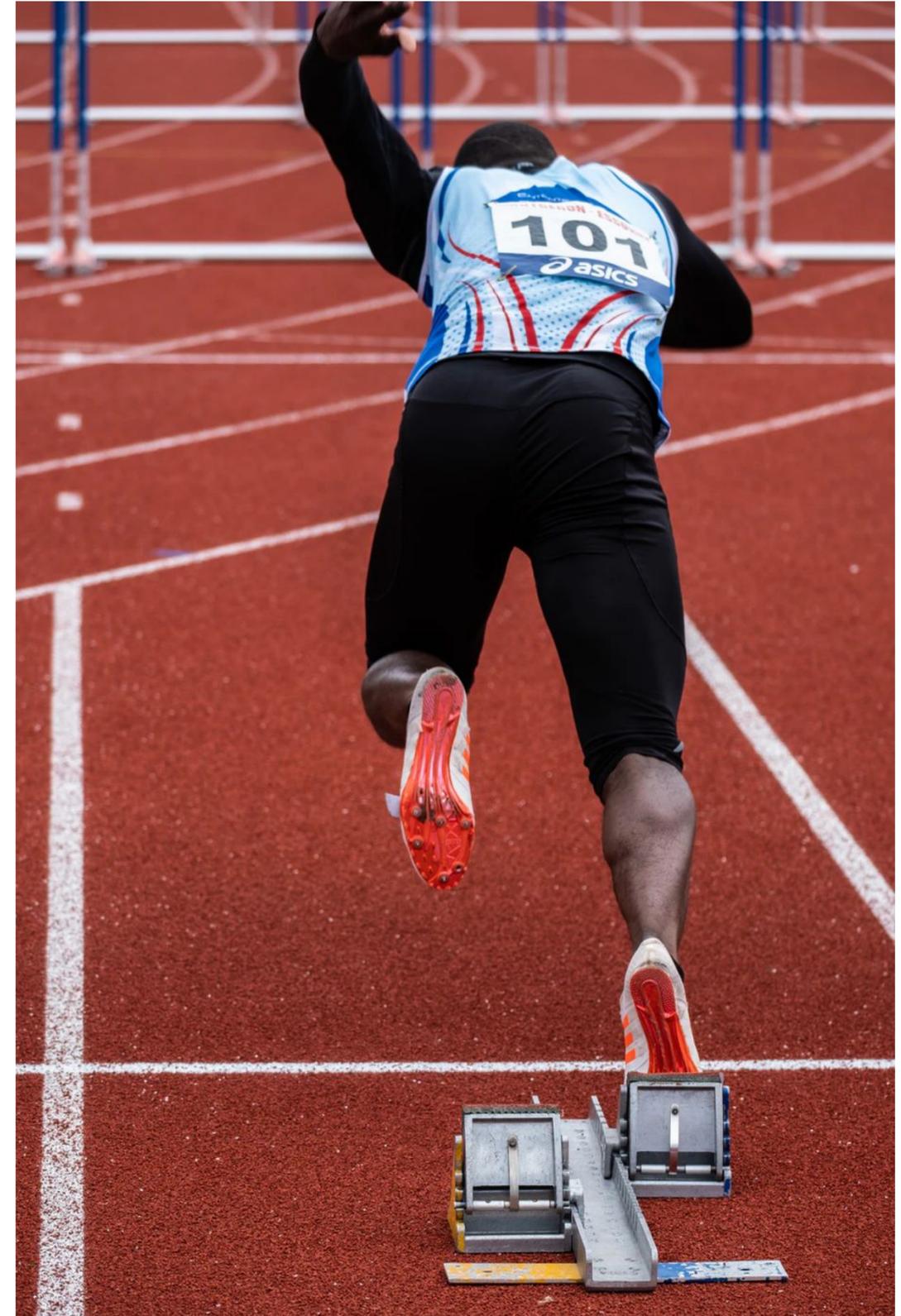
So it's a major positive if you enjoy things like:

- Sports
- Chess or strategy games
- Video games



Why Competition Is Great for Traders

- ◉ In any type of competition, aggression means taking on risk
- ◉ So you learn about how you handle that give and take



About Prop Trading With T3 Trading Group

Licensing

T3 Trading Group, LLC is a registered SEC broker-dealer & member of FINRA/SIPC.

- ⦿ All traders must be licensed
- ⦿ We work with US traders only
- ⦿ New traders must pass a background check and licensing examinations

We highly recommend aspiring prop traders stick to registered firms that require licensing -- even if you don't go with T3.



More About the Firm

We are one of the largest prop trading firms in the United States.

- ◉ 4 branch offices including our NYC headquarters
 - Most traders are working remotely now
- ◉ Wide array of order routing and clearing options
 - almost too many to mention
- ◉ Deep expertise in algorithmic and black box trading
- ◉ Expert tech support, trade support, and compliance teams

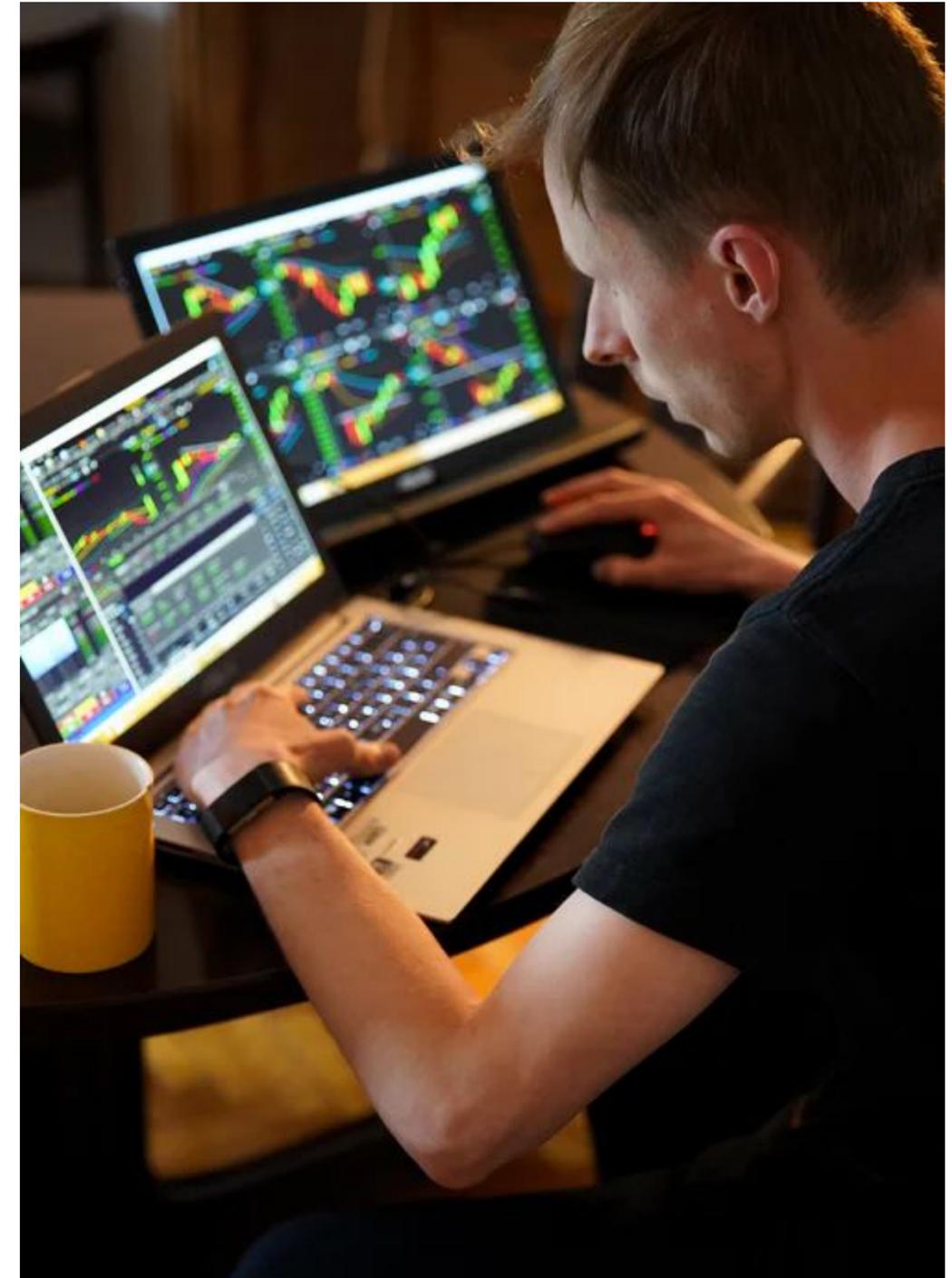


What We Trade

Asset Classes

- ⦿ Equities
- ⦿ Futures
 - including crypto futures
- ⦿ Options*

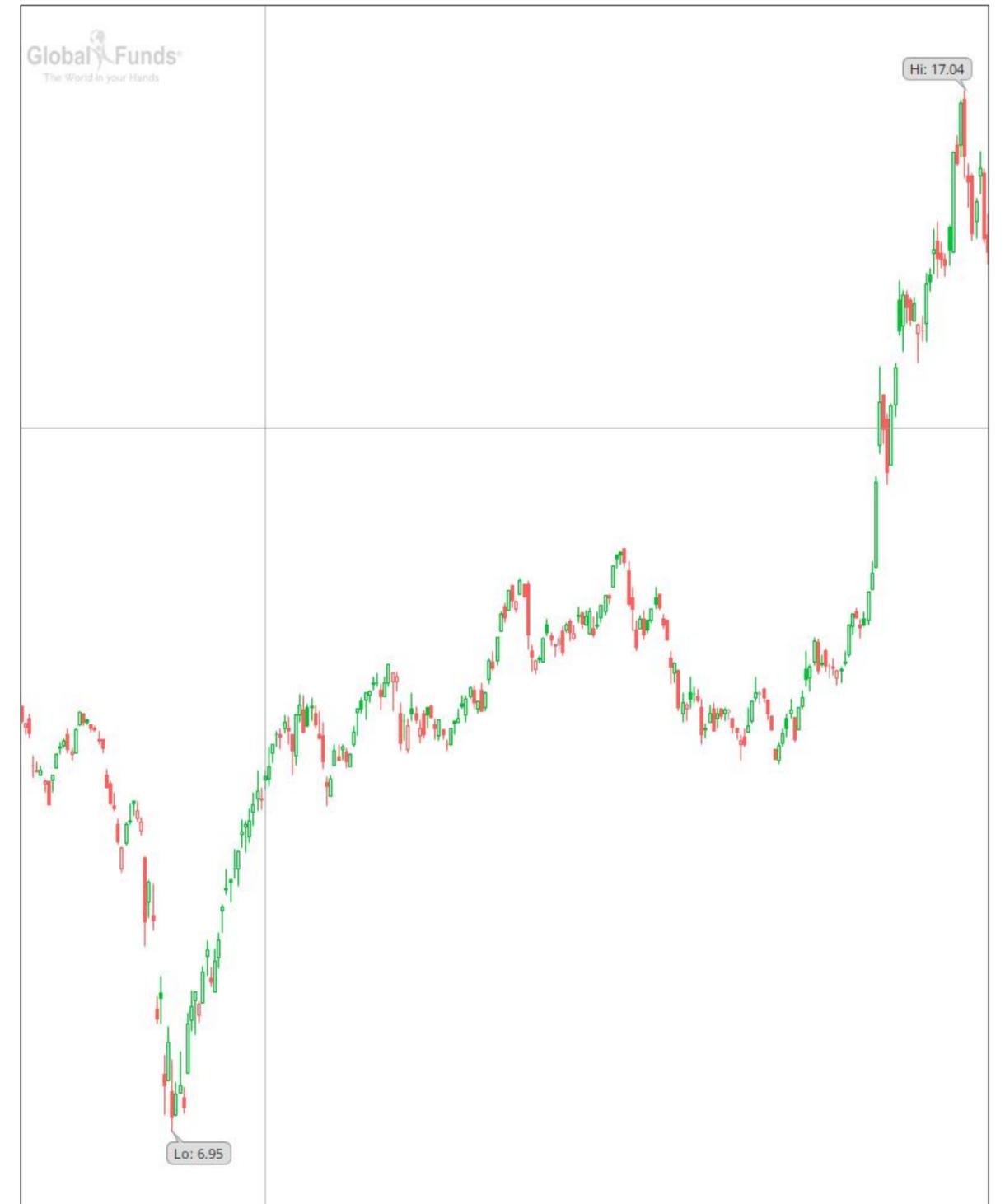
*But as we discussed, many prop traders focus on equities



Software Options

We have 3 different software options available

- Lightspeed
- Sterling Trader Pro
- Wolverine



Routing Capabilities

Because of our scale and reach, we offer a variety of high-speed, low-latency routing options

- Lit market venues
- Dark pools
- Market making routes
- Floor brokers
- Customizable smart routing technology

If you can think of it, we probably have it.

Capital Requirements

We require a capital contribution to open a prop account.

- New traders typically get 20X intraday leverage and 8x leverage overnight*
*determined as part of your agreement
- We offer a major education, coaching, and mentoring package for all accounts
- We also provide discounted training for licensing exams

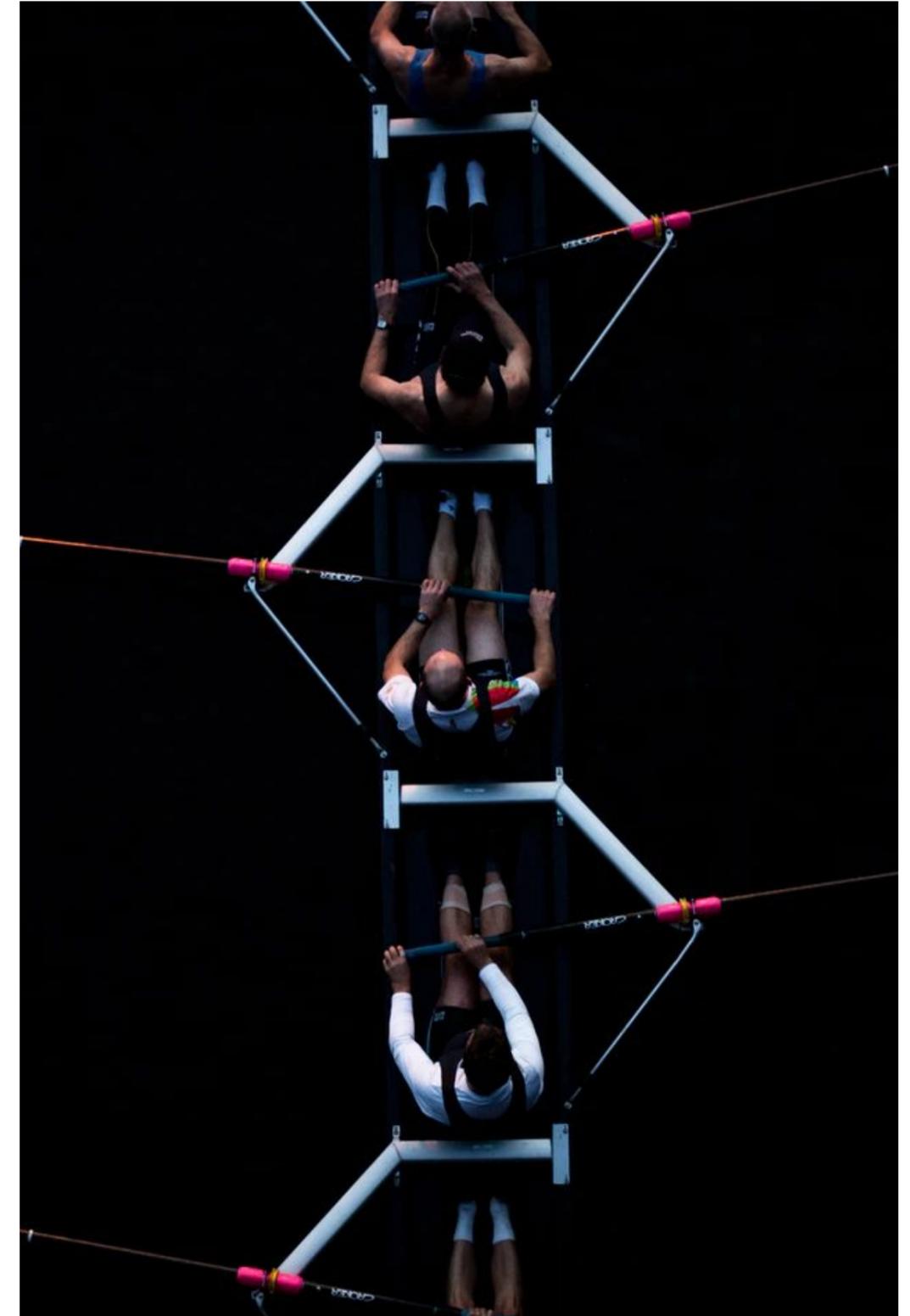


What New Traders Should Know

The prop trading industry has a reputation for throwing new traders to the wolves.

- ⦿ But we pride ourselves on having a human touch.
- ⦿ We offer new traders mentoring, training, and ongoing coaching to help you succeed
- ⦿ You **will not** go it alone if you join us

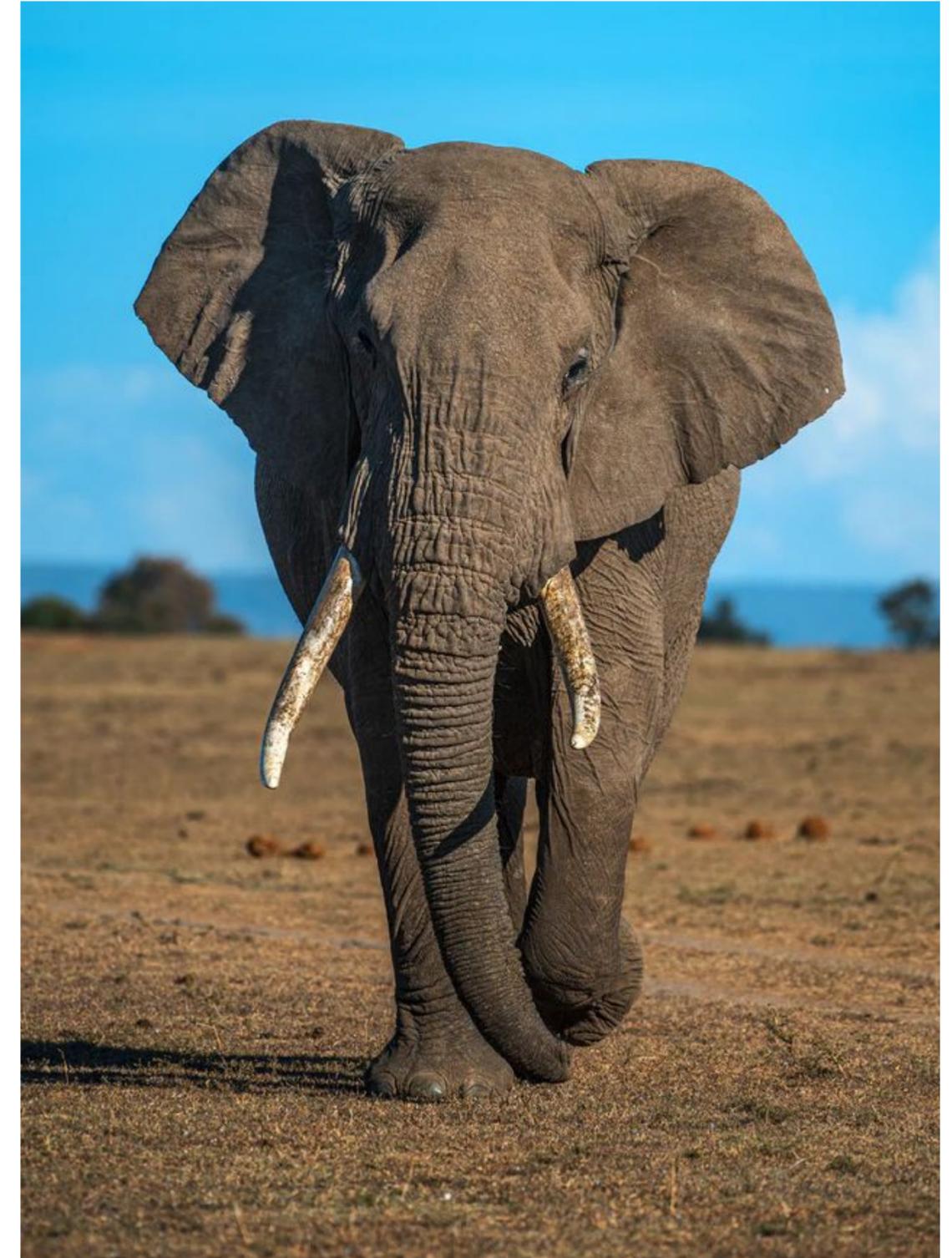
This is one reason you are getting a 6 day trial to the Pro Desk VTF© room. You can get an idea of how things really work.



What Experienced Traders Should Know

Because of our size, we can meet or beat virtually any prop trading deal out there.

- ◉ We can't make promises, but email us at info@t3trading.com for a friendly chat
- ◉ Teams are welcome
- ◉ We handle many 7-figure accounts
- ◉ Your experience matters to us -- we are always a phone call away when you have a problem



The Biggest Changes at T3

Since 2019, we have placed a greater emphasis on service

- ◉ We have beefed up our support teams so you get 1:1 help from experienced industry professionals
- ◉ We launched the Pro Desk VTF© room to give you a community
- ◉ Traders now have a direct contact with intimate knowledge of their account

We are one of the biggest firms in the industry, but we give personalized attention to all our traders.

All Traders Also Get This Regardless of Account Size

- ◉ Pro Desk VTF© (**\$1,995/year value**)
 - You have free access from 2/19–26 (Friday)
- ◉ Pro Trader Boot Camp Video Course (**\$795 Value**)
- ◉ Alpha Team VTF© w/ Scott Redler (**\$1,995/year value**)
- ◉ The Redler Report newsletter (**\$1,295/year value**)

This \$6,080 package is included with all T3TG accounts.

We believe this mix of community, coaching, and ideas can put you in the position to succeed.

*This offer may not apply in the future. Contact T3 Trading Group for more details on current offers.

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Thank You!