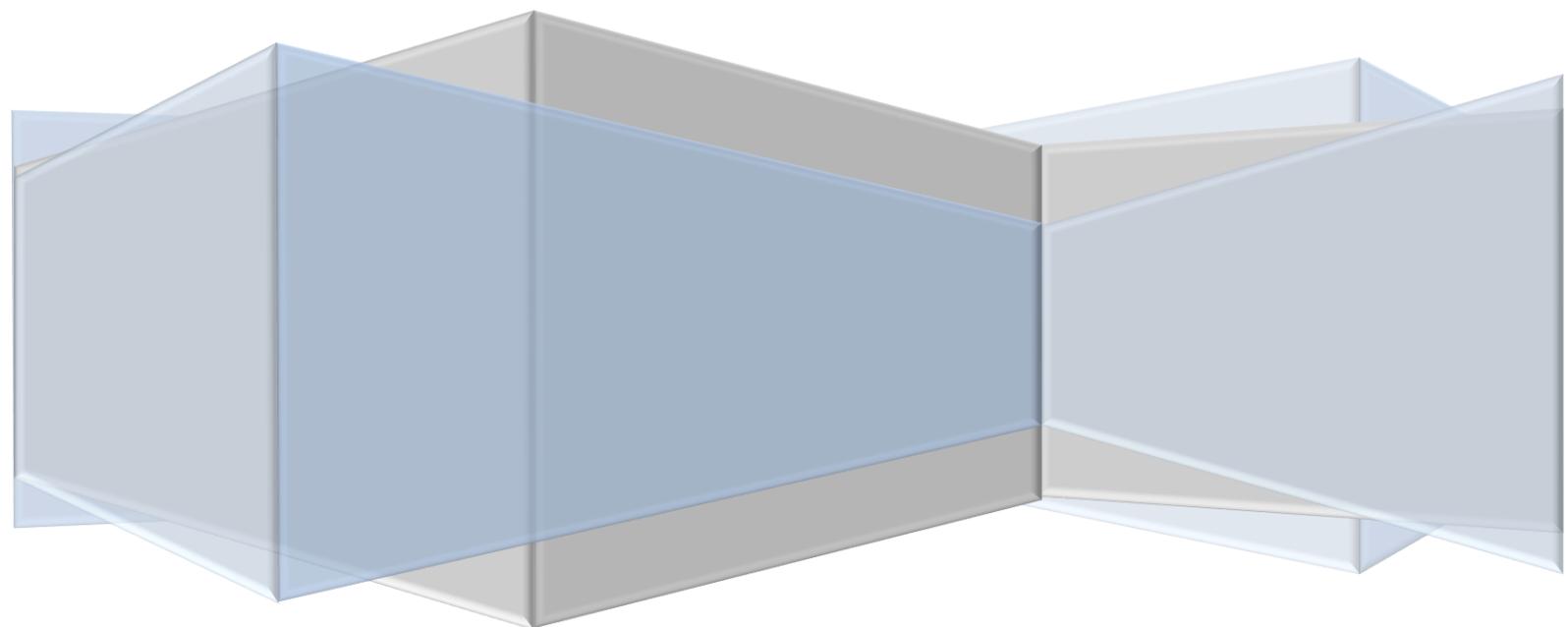




Getting Started In Proprietary Trading



Our Style of Proprietary Trading

Let's start with a qualifying statement: Propex is not a broker or educator. We do not offer trading accounts, seminars or broking services. We are traders. Think of Propex as providing the infrastructure to full-time and professional traders.

So when it comes to answering the question of how to get started in trading, our answer might be a little different from others. Our answer does not include taking short cuts or implying that you can do this in 20 minutes per day.



Depending on who you ask, there are different definitions for the term 'proprietary' trading. In some circles, it refers to large banks taking the other side of over-the-counter orders for their customers. It also refers to strict market making activities. It can also refer to all those supposedly evil algorithms or 'bots' we keep reading about.

There is another type of proprietary trader, sometimes called the 'click trader'. It simply refers to traders that watch the screen and click into trades manually (as opposed to automated strategies).

Our style of trading is a natural progression for someone that has developed or is developing their own style of active intraday trading.

The Harsh Reality

Trading for a living is not easy. Forget what a lot of those books tell you. They present a picture where if you use the right indicator or the right pattern, things will fall into place. They are designed to sell books, not make you a trader. The same can be said for those expensive seminars.

The truth is trading is not easy. At best, it is an incredible test of your patience, tenacity, will and character. If you are going to trade for a living, this is what is ahead of you. Any book, course or simulator program is never going to have all of the answers. This site is not going to give you the answers. Every trader needs to find their own answers and it means every trader is different.

At Propex, we have built a culture of support, guidance and open communication. Everything a 'trainee trader' goes through, our senior traders and managers have also been through. At the end of the day you and you alone are responsible for your P&L. However, we encourage and support open communication between all. It would have to be the best place for a trainee to learn.

What Makes a Good Trader?

Does it require natural in-built skill or can it be taught? This debate is an old one. It was the basic concept behind the 'Turtle Traders' (look it up) and on a lighter note, the movie Trading Places.

It's a hard question to answer. Our view (if pushed) is to agree with both sides of the argument. Perhaps it's similar to what makes a great athlete. People talk about Michael Jordan's natural ability, but he has still spent thousands of hours practicing.

Collectively, the management at Propex have trained and worked with hundreds of traders. We do not have a magic formula for predicting who is going to shoot the lights out, unfortunately. However, we can say that with our experience there are a few basic patterns that put the odds in the trader's favour.

These things top the list:

Time. There is a direct and obvious correlation between the amount of time you spend in front of the screens and your success. We call it "screen time" and it's different in every market. One of our senior futures traders was recently talking with some of our in-house trainees and said something interesting. He said "If you are going to be successful, you have to be willing to give up sleep. What is more important – sleep or success?" That is spot on advice for an aspiring futures trader. The only way you will learn how to trade is to be prepared to put in the time. This might be in the form of less sleep for a round-the-clock futures trader or early mornings for equities traders.

Flexibility. It's now time to set aside many of the things you may have read in that latest book on trading systems. Also set aside what you may have learnt trading Forex. Be open. Our initial training in some groups involves the use of a trading simulator or small live limits in others. This is the place to try new trading strategies. It is the place to challenge yourself to do something new. A trader cannot be afraid to make mistakes – as long as the process becomes one of learning.

Strong will. When you are learning to trade you will make mistakes. It will happen. You will do silly things like add to a terrible position, freeze when you should act or cancel your stops because "the market was wrong". Every trader has made these mistakes. The trick is to take a top down view of what you are doing and learn from the mistakes. There is no point letting it bruise your ego or upset you. The job is to learn not to be right all the time. If you approach trading with that philosophy then you can advance.

Before Applying with Us

Let's assume you are interested in trading. You've read a few books here and there, tried your skills on a demo account and even had a good friend that tells you how easy it all is.



Unfortunately, this alone does not put you in a position where you are ready to trade professionally.

We take on trainees all the time and anyone is invited to use our site to apply online. But first, keep in mind we turn away a lot of applicants given they are a little green. We see plenty of cover letters stating this is what they really want to do with their lives. We also want to see evidence to back up these kinds of statements.

Thanks to the internet, there are a plenty of places you can build your knowledge and experience. A Google search for "trading" returns over 948 million results. Going through all of those might take a little time and guaranteed there is probably a lot of junk there too.

With that in mind we have a short list of recommendations for any new trader. These are not prerequisites for applying with us. They are simply suggestions.

- Spend some time going through the Chicago Mercantile Exchange website. They have a massive amount of educational material. In fact, we rank it as the best site on futures. www.cmegroup.com
- Simulated trading. If you are not already trading your own account, spend some time on a simulator. Get to know the 'depth' display and experiment by trading a few different markets, time zones and styles. The CME site has a downloadable simulator trial for futures. A Google search will help you find a few more in the futures and equities markets.
- Download the No BS Day Trading eBook and video - www.nobsdaytrading.com. This is a great introduction to click trading futures – and trading without charts. If you are new to trading, the video will confuse you the first time.

The Propex Online Simulation Program

Propex have developed a new simulation program that involves extensive online appraisal of trainee trader applicants for the Sydney and Singapore offices.

Prior to the start of each program, applicants accepted into the program will be invited into either our Sydney or Singapore office for a short information session. This enables candidates to view our dealing room in action and to meet our management, traders and mentors. There is also ample opportunity to discuss your learning and development with our trainee mentor throughout the duration of the program.

The program involves:

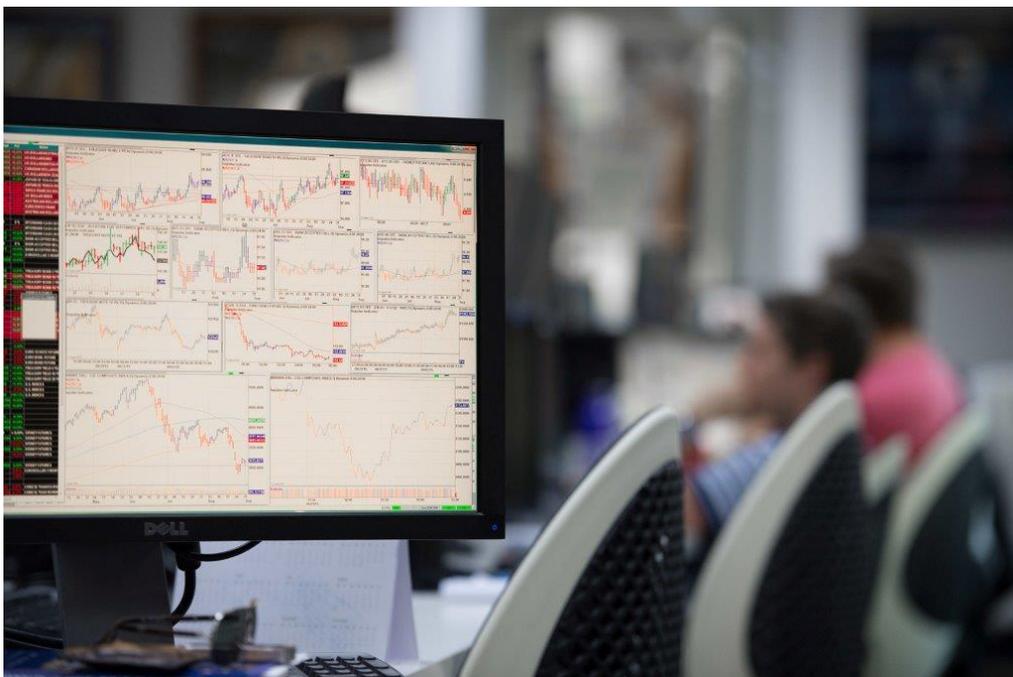
- **Week 1:** Research and learning. We provide the training material for candidates to cover during this first week. We also run online tutorials and demonstrations to help get ready for trading in week 2.

Week 2: Introduction to trading. You will learn some basic trading principles, charting techniques and trading strategies to get you started.

- **Week 3:** Intermediate trading. You will build on what you learnt in week 1 as well as an introduction to more specific strategies.

- **Week 4:** Trading. Now you will concentrate on a couple of specific markets and continue to build on the knowledge and skills developed so far.
- **Week 5:** Assessment. The final week is where we look for those showing the most ambition, potential and aptitude for trading in a professional trading environment.
- **Beyond week 5:** Those showing promise on the simulator will be invited in to our Sydney and Singapore offices. Being in-house will involve some further simulation time of 6-8 weeks. Over this time, we'd like to see healthy activity, consistency and a bias towards profitability in your chosen markets. Being in-house also offers you mentoring from our traders and mentors. After this trial period, you may be offered a full time trading position with us.

Note: The Gold Coast training program focuses purely on ASX companies. All training is conducted in-house and is not subject to the above mentioned simulator program.



Moving Forward

This is not a 'training' course. The process is designed for those that are ready to demonstrate their trading skills to us and be selected for an in-house position. We expect applicants to have some degree of trading experience and knowledge, although not falling under the 'experienced trader' category. We are looking for trainees with some experience.

Our program should be seen as the beginning of a trading career. Upon successful completion of the program, traders will be funded with a live account. Live traders are expected to be located in one of our offices – Sydney, Gold Coast or Singapore. Remuneration is by way of profit share.



Within our offices, we provide traders with the best facilities and support network to build their trading careers. Our management team has decades of experience in all facets of the trading industry and have been funding successful traders for many years.

To apply online, please follow the link from our website. But first, keep reading...

Trainee Trader FAQs

Please read the following before applying to us.

Q: Who is Propex?

Propex Derivatives is an Australian owned proprietary trading firm with offices in Sydney, Gold Coast and Singapore. The company holds an AFSL and is a member of the Sydney Futures Exchange. Our management has many decades of combined trading and market experience.

Q: Who runs the training?

Adam Rochaix. Adam has been trading interest rate products for 20 years. He has been a price maker and trader in AUD fixed income and interest rate derivatives at HSBC, Westpac and BNP Paribas. He joined Propex in 2012 as a Proprietary Trader and has recently taken a position within the Training Division to mentor and train traders.

Q: What is in the training?

Successful candidates are trained in all aspects of short term trading including fundamental analysis, technical analysis and market psychology. Training is conducted on the simulator in live market conditions but it also includes some training and information sessions to bring you up to speed relatively quickly.

Q: How much does training cost?

Those we select as Trainee Traders do not pay for any training. Likewise, trainee traders do not receive a salary while they are being trained. It should be noted, we are not here simply to train people and see them move on. Our goal in training is to see people trade for Propex. You should only apply to Propex if you intend on trading with us full time.

Q: Once trading with Propex, how much money do I get to trade?

Trainee Traders are given generous contract limits in the market(s) they trade. These limits are continually increased in line with the trader's success.

Q: How am I paid?

All traders at Propex are paid by way of a generous profit share. That is, they earn a share of the profit they generate from their own trading. In a way, trading is like being in business for yourself where Propex provides training, infrastructure and funding. As your trading grows you are given a greater percentage share. As for downside, our traders are not asked to pay for any losses.

Q: Am I expected to cover losses?

No. We wear the loss unless you trade outside of your contractual terms (e.g. breaking stop loss limits or trading while intoxicated). Fortunately this has not happened to date.

Q: Can I trade live from home?

For trainees, no – at least not initially. We have many experienced traders that trade from home, so this may be a possibility in the future.

Q: How much can I make?

The answer is different for everyone. Some trainees may show early promise but fail to follow through with a consistent and profitable approach. Others can do well from the outset. To offer an average figure would be misleading because in reality it ranges from zero upwards.

Q: What markets can I trade?

We are global traders and the whole world of trading is open to you. Initially the training will be restricted to certain markets, but in time it is expected that you expand into additional markets.

Q: How do I apply?

All applications must be submitted through our online form on the Propex website.

Links

Propex Main Website: <https://www.propex.com.au>

Propex Facebook: <https://www.facebook.com/PropexDerivatives>

Contact

Adam Rochaix

Training Manager

adam.rochaix@propex.net.au

Disclaimer

Trading involves high risks, with potential for profits as well as substantial losses and is not suitable for all persons. No information in this document or related material should be considered advice or any kind. Propex suggest you seek advice from an independent investment professional as to the suitability of trading for your personal needs.

Propex Derivatives Pty Ltd. Level 4, 299 Elizabeth Street, Sydney NSW 2000.

Propex Derivatives Pty Ltd (Propex) is a Proprietary Full Participant of the Sydney Futures Exchange.