Proprietary Trading Firms

Proprietary trading firms operate in a competitive industry and navigate a complex business, tax and regulatory landscape. With our roots in Chicago, we have served the proprietary trading industry since its inception, and today we call most of the proprietary trading industry our clients.

Katten's proprietary trading team helps clients navigate the distinctive needs of proprietary trading firms in the United States and abroad — from assisting in the acquisition of cutting-edge technology and facilitating mergers, acquisitions, consortiums and joint ventures to advising the industry on the continually evolving tax and regulatory regimes in the United States and abroad and defending our clients in litigation and regulatory enforcement matters when they arise. We also have significant experience assisting proprietary trading firms in launching quant funds or other hedge funds, including advising on business and regulatory issues in managing the fund strategy side by side with the proprietary business. A key differentiator of our multidisciplinary practice is our ability to serve as a one-stop resource for clients, navigating the full breadth of areas uniquely related to proprietary trading firms.

Comprehensive counsel

Our extensive experience in this space allows us to provide practical, streamlined solutions, no matter how novel the issue or how challenging the regulatory environment. We understand the shifting elements of this continually evolving industry, including the multitude of new and proposed regulations in the United States, the UK and the EU; the competition for innovative technology and talent; the importance of IP protection; and the effects of trading errors and system malfunctions. A distinguishing characteristic of our group is the integration of attorneys whose interdisciplinary experience is almost exclusively on behalf of market participants, giving us a real understanding of the financial markets. Our team of attorneys, many of whom have held senior positions within regulatory agencies or as in-house counsel at financial services firms, bring valuable insight and perspective to diverse matters, including:

- Corporate formation and ongoing operations
- Seed deals

Key Contacts



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- Mergers and acquisitions
- Consortiums and joint ventures
- Global regulatory reporting and compliance
- Regulatory enforcement and investigations
- Brokerage and derivatives documentation
- Trading issues
- Tax planning
- Intellectual property protection
- Labor and employment law issues

At the center of trading innovation

Having counseled this industry since its advent, we have amassed significant experience on all matters related to volatility, quantitative, algorithmic, black box, grey box and other emerging trading strategies involving the use of securities, futures, options and other derivatives. We work with businesses to implement appropriate development, network, surveillance, maintenance and co-location services; other mission-critical technologies and technology services; and data protection practices and policies. We have substantial experience in the drafting and negotiation of agreements for low-latency network services employing a myriad of cutting-edge technologies, including dark fiber optic, short wave and microwave technologies. Because our practical knowledge is comprehensive, clients never waste time explaining the basics of their business to us.

Cross-border strategy

When trading and business strategies cross borders, our team is well positioned to help. Clients call on us to provide insight and advice on evolving and complicated US and international regulations and to advise on trading activities before they occur, in real time and after the fact. With a strong presence in key financial centers, including New York, Chicago, Los Angeles, the San Francisco Bay Area, London and Shanghai, we regularly advise clients on trading operations outside their home countries, helping them structure operations, obtain the necessary approvals and registrations, and establish written supervisory procedures. In addition, we advise on new and evolving regulations affecting proprietary trading firms, such as the EU's Markets in Financial Instruments Directive II (MiFID II) and the developments surrounding Brexit.

Recognitions

Recognized or listed in the following:

- *Best Law Firms*
  - Derivatives and Futures Law
    - National, 2011–2024
    - Chicago, 2011–2024
    - New York, 2019–2021
  - Private Funds/Hedge Funds Law
    - National, 2012–2026
    - Chicago, 2011–2026
    - New York, 2019–2026
- *Chambers Global*
  - Derivatives, USA, 2015–2026
  - Hedge Funds, USA, 2022–2026
- *Chambers USA*
  - Derivatives
    - Nationwide, 2014–2026
  - Hedge Funds
    - Nationwide, 2016–2019, 2021-2026
- *The Legal 500 United Kingdom*
  - Financial Services (Non–Contentious/Regulatory), 2013–2027
    Derivatives and Structured Products, 2016–2027
- *The Legal 500 United States*
  - Alternative/Hedge Funds, 2013–2026