

A People and Industry Brief: Talking Derivatives at DePaul University July 28, 2017

Futures market intermediaries and service providers attended the 4th annual [NIBA / DePaul University](#) Symposium last week. It was a great opportunity to catch up with former colleagues and acquaintances while listening in on some invaluable discussions from compliance and allocation professionals.

The futures brokerage business has certainly changed since I left it years ago. A welcoming speaker listed the names of the companies he had worked for over the course of his career; many had shuttered. The presenter who followed, [John Lothian](#), veteran futures broker and renowned financial journalist covering the derivatives marketplace, offered insightful commentary on current geopolitical events and developments in finance. John also highlighted that the state flux surrounding the prior speaker's employers was reflective of the regulatory uncertainties and competitive forces befalling companies. The *people* who endured the boom and busts of firms over time were the ones who were truly resilient according to Lothian.

I can attest to the struggles of the FCMs, IBs and other derivatives boutiques since entering financial services in 2002. Professionals who transact and offer intermediary services to market participants in the futures industry face declining compensation and low barriers to entry. Firms are battling increased regulatory scrutiny, persistently low interest rates and the decentralization of market power. Firms seek coders and compliance staff over floor traders and brokers so fixed costs are rising.

The pain points are constantly changing but one thing is for certain: innovation in electronic markets and trading, particularly in Chicago, continues to thrive. The players who survived the closings of firms have developed skills to adapt and have paved the way for younger participants to get involved. Some are developing unique and outstanding managed futures programs. Some are working with youth groups and organizations to prepare new generations for success in the future. Financial technology continues to attract savvy programmers. But there are myriad business, operational task and reputation risk lessons new entrants haven't yet managed.

These veterans can help firms see through this perplexing mosaic. I too, like the gentleman at the NIBA conference, own valuable industry experiences. So make use of these derivatives graduates; they can impart invaluable lessons on the next generation. Others may be encountering the struggles mentioned above but have been aided by veteran insights.

See how we can improve upon the continuing value of your business. We can work with organizations to manage regulatory and compliance costs, solve operational issues, achieve business development scale and offer certain insights that can sometimes only be achieved through persistence and depth of character.

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