

Rebranded Kershner Trading finds success through investing

GISELLE GREENWOOD

GGREENWOOD@BIZJOURNALS.COM | (512) 494-2529

After undergoing a rebranding, Kershner Trading Group LLC is expected to grow past 100 traders by the end of the year.

It currently has 80 people in Austin and two in Chicago.

Kershner Trading Group, a proprietary trading firm, formerly operated under the name Zone Trading Partners LLC. CEO Andy Kershner says the company changed its name in order to build a stronger brand.

“It’s easier to build a brand around a person,” Kershner says.

A proprietary trading firm conducts a form of short-term investing in which the company’s traders operate on the financial markets on behalf of the firm. The traders share the profits

from their trading activity with the firm.

In 2003, the company had \$10 million in revenue and increased that to \$13 million in 2004. Last year, the company raked in more than \$18 million in revenue. Kershner says he expects the company to top those numbers this year.

Most of the larger brokerage houses, such as Merrill Lynch and Goldman Sachs, have proprietary trading arms and many make the bulk of their money through these divisions, says Tom O’Brien, founder and CEO of TFNN Inc., a company that tracks the investment community.

“Proprietary trading is coming into the market,” O’Brien says. “It’s big and this last quarter many of the larger shops put more risk capital into proprietary trading.”

Kershner says much of his company’s success also comes from the company’s in-house technology.

Kershner Trading has its own trading platform that analyzes the market’s ebb and flow. The technology was sold to Instinet in 2001 for \$150 million, but Kershner bought the technology back in October 2004.

Since then, Kershner says the technology has been a major focus of the company, with an IT staff of 30 and the company spending at least \$5 million on maintaining and improving the technology every year. Kershner says the technology also allows traders to see adjustments based on each other’s input, giving them the ability to automate and share trading strategies.

O’Brien says technology doesn’t necessarily determine

whether a trader makes or loses money, but it will make them “more aware” of market fluctuations.

Arnold Van Den Berg, president and founder of Austin-based investment counseling firm Century Management, has known Kershner for some time. He says the company’s technology is “one of the keys” that drives Kershner Trading Group’s success.

Van Den Berg says two other factors distinguish the firm: Kershner himself and the way he trains his people.

“Before I met Andy, I didn’t believe anyone could make a living doing short-term investing,” Van Den Berg says. “His people are very sharp and extremely successful at it. I didn’t think it possible and I’ve been in the business for 35 years.”