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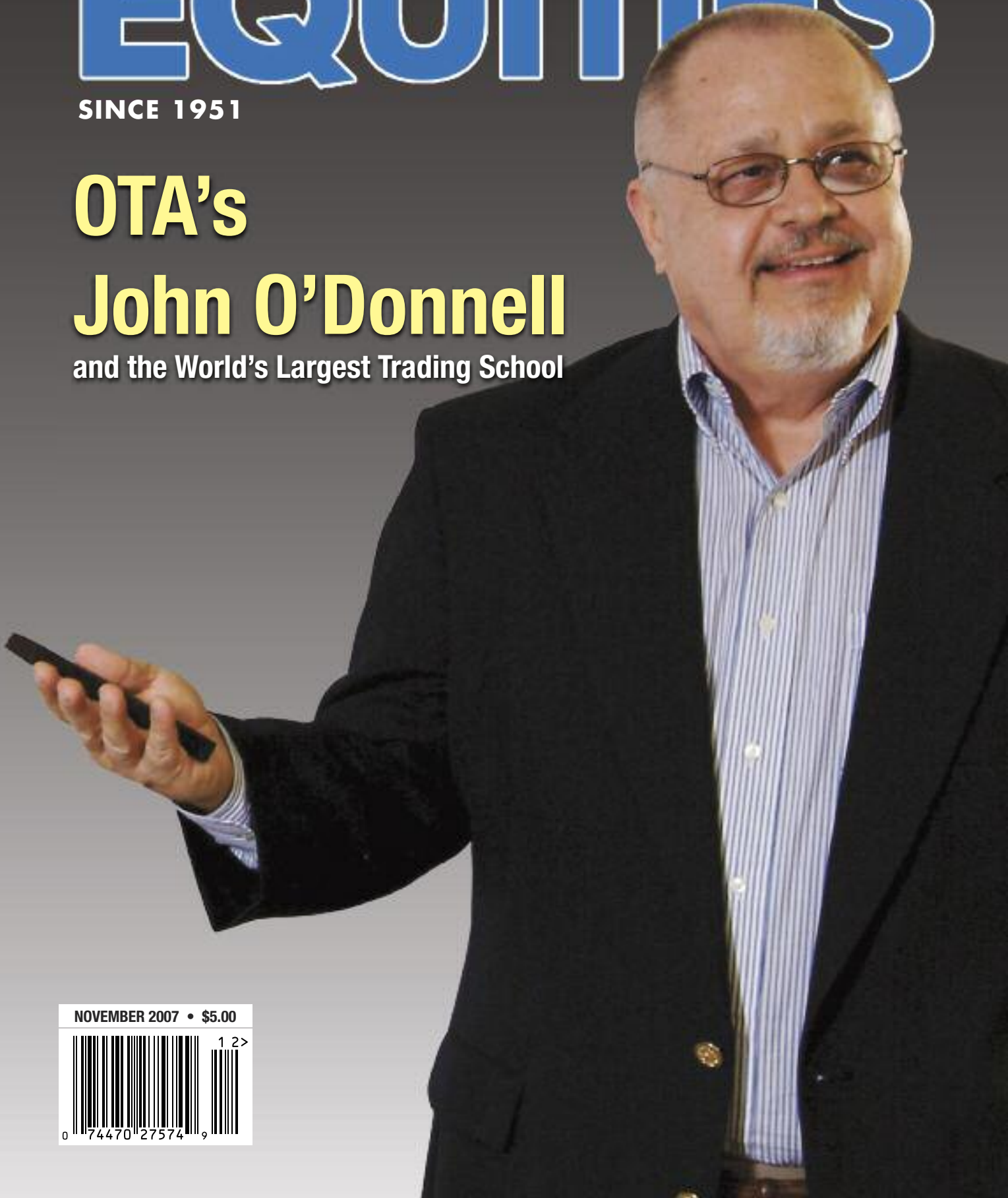
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ONLINE TRADING ACADEMY'S JOHN O'DONNELL

BY ANTHONY W. HADDAD

The top trading school in the world, Online Trading Academy offers its students modern facilities and professional instruction unavailable anywhere else. Now, with more than 15 locations in five countries, OTA is expanding quickly to meet investors' thirst for the latest market know-how. *EQUITIES* spoke with Chief Knowledge Officer John O'Donnell to learn why OTA is leading the online training revolution.

EQUITIES: You used to be a school teacher. How'd you get involved in finance?

O'Donnell: When I came out of school, I taught in the Milwaukee public school system. They put me in charge of the Teachers Investment Club, where we'd pool our money, and I got very interested in investing and economics. I took a cou-

ple of night courses at Marquette University, and in 1971 I read a book by Harry Browne called *How To Profit From The Coming Devaluation*. The book got me interested in Austrian economics and the precious metals story. That summer, I started a precious metals reclamation business out of my garage. I made more money doing that than I did from my teacher salary, and I got seduced by the precious metals hard-money story. I sold that company in 1978 to a publicly traded company. I then became a private investment banker.

EQUITIES: How large was OTA when you joined?

O'Donnell: At the time I joined, we had developed the largest day-trading floor west of the Mississippi. We were pioneers in giving day-trading tools and day-trader education to investors who had an active

appetite to be engaged in the market. They needed professional tools, bandwidth and software. We built that to 180 traders, executing about \$500 million a day of NASDAQ transactions. We sold the business in 2001 to start OTA, the world's largest trading school.

EQUITIES: What are your courses like?

O'Donnell: Our learning experience is through emersion. Our clients generate a trading plan that's centered in their risk-tolerance level. They spend one to seven days in a classroom environment, trading. There is a skill involved in this, and it takes a lot of training to master. It's tough intellectual work. Our clients are investors. They have an account with an online brokerage firm. They're mostly baby boomers. It's 80% male, 20% female. Our ideal demographic is between the ages of about 40 and 65, right in that sweet spot,



John O'Donnell, chief knowledge officer,
Online Trading Academy

because they've got a little life under their belt. They've accumulated some money, and I think the common denominator that gets them to us is the passion to be engaged in the market.

EQUITIES: What type of investor is your typical student?



O'Donnell: Students coming to us, especially in the 40-to-65 age bracket, have a buy and hold bias that was conditioned through media, Wall Street, and culture. I'm not saying you need to give up your investor bias—you just need to get in touch with it. There's a time to buy equities, there's a time to sell them. There's a time to be in cash. Markets fluctuate. That's what history teaches us.

EQUITIES: Do your students come in looking for more training on investment vehicles they're familiar with, or are they looking for new vehicles?

O'Donnell: Ten years ago, they came in wanting to be engaged in stocks. That's now changed. The top digital platforms today allow you to have exposure to multiple asset classes. You could have one account today with a brokerage firm and you can have access to stocks, bonds, futures, options and currencies. The people who come to us today may be interested in stocks, but by the time they get exposed to all these other opportunities, it broadens their horizons.

EQUITIES: You can't learn to trade options in college.

O'Donnell: Exactly. You can't go to a Wharton and learn how to trade options. Certainly you can't go to UCLA or USC and learn how to trade foreign currencies or futures contracts. There are a couple of university educations near Chicago where you can get exposure, but most of these skills have traditionally been taught

through an apprenticeship model. We think there's room for a private, for-profit education firm like ours. So far, we're right. Revenues and enrollment have been growing 100% per year for the last four years.

EQUITIES: And what are the qualifications of the instructors?

O'Donnell: Without exception, all of them come to us with a professional trading background. They were either a floor trader or they have a track record we can document where they have traded their own capital. They also need to come to us with a communication capability. They need to be good communicators, and they have got to be compassionate, patient and want to teach. Most of our instructors trade a week, teach a week, trade a week, teach week, and they integrate the teaching side of their brain into their lifestyle. Their primary source of income is their trading activity. But they need to give us demonstrated skills.

EQUITIES: If they're such great traders, why do they teach?

O'Donnell: The simple answer is, they do it because they enjoy it. These guys are at a stage in their lives where they don't measure their self-worth by money. Now, for some people who've never been there, they have a hard time figuring that out. There are other ways to get satisfaction in your life than money. We offer travel, the opportunity to show off a little bit, and excellent compensation. It's a very high-quality lifestyle.

EQUITIES: How does your tuition-reimbursement program work?

O'Donnell: Our students have to be able to use a broker-dealer that has advanced platforms. So we went out and partnered with seven broker-dealers who compete to serve our graduates. Our affiliate broker-dealers agree to give our clients a 20 to 25% discount off their commission tickets per trade until they recoup the full tuition they paid OTA, and it doesn't expire until they get all their money back.

EQUITIES: How many students have completed a course at OTA?

O'Donnell: I would say there have been over 5,000 who've completed our classroom courses. Then we have another subset of that who've taken our CD-Rom home study courses. Those are low-priced

"I'm not saying you need to give up your investor bias—you just need to get in touch with it."

units that run anywhere from \$49 to \$500, and we have, I don't know, thousands of people that have used that experience.

EQUITIES: You offer a free workshop. What can someone who is considering attending expect?

O'Donnell: We host it in all of our locations virtually every week. We have, you know, workshops going on in all of our centers. Just go to our website and check our "locations" tab, and you'll see a date, time and place. They're going to get an introduction and meet the instructors. They're going to get a sample of how we teach the class. They're going to see the classroom and the computers and the professional staff that serves them. They're going to learn a little bit about fundamental analysis. They're going to learn a little about technical analysis. The theme of the seminar is to bridge the gap between their perception and reality when dealing in the stock market. There is a huge gap between perception and reality. We want to fill that gap.

EQUITIES: What's the one thing that you want students to know when they leave your school?

O'Donnell: There are two things. Rule one: Don't lose money. Rule two: Re-read rule one three times, take two aspirin, and go to bed. But that is the secret sauce to a good life. Don't lose money.

EQUITIES: Any final thoughts?

O'Donnell: One of the things I'd like to recommend is all your readers is to go to our website, www.tradingacademy.com, and sign up for a free newsletter, *Lessons From The Pros*. They can also check out our free webinars, which are very educational. **E**

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