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# The Broken Watch Problem in Trading:

A trader's perspective on what truly separates Buy Side and Sell Side desks.



**By Tony Hozian**  
Sr. Derivatives Manager  
Summit Global Investments

## What is the difference between a Buy Side option trading shop and a Sell Side option trading shop?

If you Google this question and skim a few answers, it's easy to walk away with the wrong conclusion. The answer sounds obvious, right? Buy Side buys things. Sell Side sells things. Simple. It's not that simple.

By that logic, if I'm on the washing team at the laundromat and you're on the drying team, I must be washing clothes all day while you're drying them. Reality doesn't quite work that way.

People will sometimes tell you a Buy Side desk buys securities and a Sell Side desk sells them. Like a broken watch, that can be correct, twice a day. But it doesn't have to be correct and often isn't.

When I first worked on a Buy Side options desk, my best friend Mark asked what my job actually was. I repeated what my boss told me: "They give us a pile of money, and it's our job to turn it into a bigger pile of money." That's essentially it.

You can buy research or do your own. You get a blank canvas, and it's your responsibility to create wealth. You might buy securities, sell securities, or — more commonly — do both. You're not selling any services. You're not paying for dinner. You keep what you kill.

Fast forward about 20 years. I joined a Sell Side desk with two great bosses, Alex and Dave. I was the index options trader, and my partner Michael handled single stocks. Our job was to make a live, two-sided market "on the wire." That meant a salesperson would be standing there, phone in hand, staring at us impatiently while some mammoth hedge fund demanded a two-way market—10,000 contracts up, now. We committed capital to the trade if needed and guaranteed a price.

Just like on the Buy Side, we might end up buying securities or selling securities. We could be long. We could be short. So, what did the firm get in return? Commissions. Sometimes up to three cents a contract.

The salespeople worked relentlessly to maintain relationships and get paid commissions by those clients. They sent trade ideas. They created access. They brought in flow. And the deal was simple: if the salesperson sent you the idea, the hedge fund used that firm for the trade. We weren't just trading. We were selling ideas and services—and providing liquidity the client likely couldn't get efficiently in the open market.

So, what's the real difference?

On the Buy Side, your job is to make money with capital.

On the Sell Side, your job is to make markets, provide liquidity, sell ideas, and earn commission: Both desks buy. Both desks sell. But they're playing completely different games.

Which one do you think you'd like more?



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**We encourage you to connect with your advisor.** Let's review your plan, talk through your concerns, and make sure your goals are aligned with the strategy in place.

Together, we can transform uncertainty into opportunity and build toward the future with clarity and confidence.



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#### Home Office:

620 South Main Street  
Bountiful, UT 84010  
Phone: 888-251-4847  
Web: [www.sgipw.com](http://www.sgipw.com)

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