



Raymond A. Mason School of Business

WILLIAM & MARY

LEADERSHIP & BUSINESS PODCAST

EPISODE 113: MATT SIANO – LIFE ON WALL STREET

Ken White

From the College of William & Mary in Williamsburg, Virginia, this is Leadership & Business. The podcast that brings you the latest and best thinking from today's business leaders from across the world. We share the strategies, tactics, and information that can make you a more effective leader, communicator, and professional. I'm your host Ken White. Thanks for listening. Life and career on Wall Street. It's changed considerably since the days of power ties, suspenders, and slicked-back hair. As the world and business continuously evolve, so do the firms and jobs on Wall Street. The number of business school grads pursuing jobs there has dropped compared to years past but graduates with other degrees and experiences are now employed by Wall Street firms. Matt Siano is Managing Director, General Counsel at Two Sigma Investments, a New York-based hedge fund. He also serves as an adjunct professor at William & Mary's Raymond A. Mason School of Business. Siano was here on campus for the recent Women's Stock Pitch and Leadership Summit. And while here, he talked with us about his life on Wall Street, how Wall Street has changed, and where it's headed. Here's our conversation with Matt Siano of Two Sigma Investments.

Ken White

Matt, thank you for taking the time to join us here on campus. Often you got to interact with a number of undergraduate students over the weekend. What were your thoughts as you see them?

Matt Siano

I describe this event as really Chicken Soup for the soul. It's one of the best events of the year. It's the ability to see folks who really want to help—being paired with students who really want to learn. So it's actually one of the best events, I think, in the entire calendar. And I'd say that you know after teaching here for almost a decade it is really one of the best things that we do.

Ken White

Great. And thank you for supporting it. I know everybody is extremely appreciative of that. We wanted to talk to you about Wall Street. You know, I think what's interesting is is the

number of business school students, whether they're undergraduates or graduates who are pursuing careers in Wall Street. That number seems to be down, and as opposed to the past, so we thought, let's just talk about Wall Street, and you're there. How did you end up there?

Matt Siano

You know purely by chance, actually. I went to William & Mary. I majored in government and history and had a minor in religion. I proudly say I never took a single business school class when I was here. I wouldn't have even taken Econ if it weren't for the fact that the government department made me take it to get my major and then went to law school and quickly realized that I did not want to litigate and didn't want to be in court all day and then realized okay I have to figure out what am I going to do with myself and found that I actually really enjoyed tax and found that most of securities law work in the United States is bounded both by the security regulations themselves but also about how to actually make it more tax efficient for the underlying investor or company and realized that okay I have to find some way to sort of put this degree to use and found my way to a law firm that specialized in investment management work and in hedge funds and hedge funds, in particular, are extremely tax savvy and tax centric. And so I ended up working for about five years in a Wall Street law firm that that focused on those kinds of issues. And after about five years, I realized that I didn't want to make partner in a law firm, and I actually wanted to learn more about what was going on in those companies that I had set up or been advising, and a pretty large quantitative hedge fund called Two Sigma called and said we're looking for a general counsel and you seem like you want to be a general counsel and why don't you come aboard.

Ken White

Yeah.

Matt Siano

And so next thing I knew was I moved from downtown New York to into Soho and found myself working inside this very interesting quantitatively driven, almost fully automated investor management firm that happened to need help with a structuring transaction and their tax work. And so next thing I knew, I was doing what most people would describe as Wall Street.

Ken White

Yeah.

Matt Siano

In the classic sense as a guy who literally would have never thought that when he was walking around campus.

Ken White

And what years are we talking?

Matt Siano

Sure. So I graduated from William & Mary in '96

Ken White

Hmm-mmm.

Matt Siano

and then went straight to law school. I graduated ninety-nine and then joined Two Sigma in 2004.

Ken White

Hmm-mmm. What was the vibe and the culture like on Wall Street at that time? I think people look at the movies and think that's, you know, that's how it is.

Matt Siano

Certainly, the late 90s when I was at Seward, and certainly in law school, there was definitely more of big suspenders

Ken White

Yeah.

Matt Siano

and sort of movie kind of feel to it.

Ken White

Hmm-mmm.

Matt Siano

But you could feel it changing. And part of it was the dot.com bubble that was building at the time. And that really presaged the conversion from classic MBA finance backgrounds to more computer science data analytics. The importance of software and automation and the dot.com bubble and then sort of bust afterwards had an effect on Wall Street in a lot

of different ways. But one of them was the impact of all of those computer scientists and all that big data analytics power staying inside many of the big banks, and many of their clients frankly took on a lot of a lot of those talents and capabilities, and so you saw the roots of the evolution of what Wall Street in the classic sense. And over that period of time, certainly, while I was at Seward and certainly now while I've been at Two Sigma, the number of humans that you see on the floor of the stock exchange

Ken White

Hmm-mmm.

Matt Siano

has completely cratered, and you now find yourself where most stock trading is done electronically, and the firms that are participating in the marketplace now need to be able to build those kinds of systems. And so yes, you need finance backgrounds to understand what kind of investment strategies you want to pursue, execution strategies, portfolio management, and optimization, but you need an awful lot of folks who can help you build the tools, infrastructure, software to be able to interact with a market that is both is high speed but also fractured and has so many different venues than it did back then. Most people don't realize that back before certain regulations were passed in the mid-2000s, most stock trading and add stakes took place either on the big board NYSE or at Nasdaq

Ken White

Hmm-mmm.

Matt Siano

and they had a huge dominant market share. And today, you find yourself with 13 different protected venues around the United States, and so you could trade stock in a lot of different venues. Leaving aside all the dark pools and self matching engines and to be able to interact with all of those different venues, it's not just picking up a telephone anymore and

Ken White

Right.

Matt Siano

calling your friend who's a specialist on the floor, it's how do I actually interact with this more complicated ecosystem.

Ken White

Yeah. Wow. What's the future hold? Is it going to get? What do you what your prediction if you have a crystal ball?

Matt Siano

Everybody is nervous that it's gonna become Skynet

Ken White

Yeah.

Matt Siano

and the machines are going to take over everything.

Ken White

Yeah.

Matt Siano

We often joke at Two Sigma that it takes an awful lot of human beings to run a fully automated firm, and so I think the firms of the future are going to continue to invest in those kinds of capabilities of all different backgrounds. We have folks from 60 plus different countries at Two Sigma. We have folks with degrees in 200 different disciplines. And so what you're finding on Wall Street is that it's the best and the brightest of all different types, all different backgrounds, skill sets, expertise that help you inform and make a 360-degree view.

Ken White

Hmm-mmm.

Matt Siano

And one of the things I try to tell the students in my hedge fund class here at Mason is whether you're the marketing major, the accounting major, the finance major, there's a home for you in what is Wall Street or broader Wall Street. So not just the bulge bracket banks but all of the buy-side firms like a Two Sigma like our competitors who are looking for the best and the brightest. People who can take complicated projects, huge amounts of information and distill it down into a cogent idea. And that part, I think, is what made the students here at Mason, I think are really very good at making them understand that there is a home for them there.

Ken White

Hmm-mmm.

Matt Siano

They can find places where that's going to feel good to them. And that's kind of what we try to teach.

Ken White

Interesting what you said is what a lot of companies say regardless of the sector is I need somebody who can see the problem, make sense of it, communicate it, and move forward. So what type of person is there a personality on top of those traits that succeeds on Wall Street today or that you're looking for.

Matt Siano

So there's always it's still a place where ambition is obviously a necessary component part.

Ken White

Hmm-mmm.

Matt Siano

It is a competitive environment. It still attracts the best and the brightest from around the globe, and so I'm not sure that attracts shrinking violets.

Ken White

Yeah.

Matt Siano

I think people who are on front on the front foot and who like to like to tackle tough problems. It still attracts that kind of talent, but I think you're finding that it's rewarding people who are introspective, who are collaborative, who are team builders. So there's a difference between who might necessarily be attracted to it in the first stint versus who gets to stay and who's in the game for a very long period of time. And I think it's the folks who are who care about the people who work for them. They care about their clients. They care about their manager. They care about the company.

Ken White

Hmm-mmm.

Matt Siano

So that kind of thinking beyond just yourself is what gets rewarded over the long term. The sort of movie picture of people who are very ego-driven

Ken White

Right.

Matt Siano

and the Gordon Gekkos of the world.

Ken White

Yeah.

Matt Siano

Yeah, there certainly those personalities that still exist, but they're becoming fewer and far between. And I think that's a good thing.

Ken White

What drives you? What do you like about it?

Matt Siano

I work at a firm where it's about trying to find truth—trying to find the right answer the right way and to do it in a way that is collaborative and measures the problem as many different ways as possible. Sometimes that's a little frustrating because we often joke that it's not just measure twice cut once. It's measure four or five times. Think about cutting; go back and measure again. Think about the problem again, consult another person, and then maybe cut. And I think that what makes our firm really great is that we have people who are naturally motivated to get to the right answer. You don't have to use carrots and sticks to push people to do that. They're sort of natural A students, and they care about finding the answer to tough problems, and they're not afraid to say, you know what we don't know. It's it's hard. We're not sure we can get to the answer on that. And then to be able to admit that to either the clients or to ourselves oftentimes the hardest population to admit failure to, I think that's what makes the place special.

Ken White

We'll continue our discussion with Matt Siano of Two Sigma Investments in just a minute. Our podcast is brought to you by the Center for Corporate Education at William & Mary School of Business. If you're looking to raise your game and give your career a boost. The Center for Corporate Education hosts professional development programs that provide busy executives and emerging leaders with the tools needed to compete in today's business environment. The programs are taught by William & Mary's MBA faculty. The faculty ranked number one in the nation by Bloomberg Businessweek magazine. To learn more, visit our website at wmleadership.com. Now back to our conversation on Life on

Wall Street with Matt Siano, Managing Director General Counsel at Two Sigma Investments.

Ken White

Your law degree. How has that affected the way you approach things the way you think when you're talking about thinking

Matt Siano

Sure.

Ken White

about these big problems with a collaborative team?

Matt Siano

I've come to realize that to be a really good lawyer. You do have to acquire an MBA somewhere along the line, whether that's an MBA through experience or whether you go back and do it more formally. I joke that I have three degrees that I have my undergraduate degree from William & Mary, my law degree from Fordham, and my MBA from Two Sigma, and I've gotten the opportunity to meet with lots of people who've come from different backgrounds than my own. Certainly have gone to different universities than my own and who are willing to share their time, their talent, their expertise, and I've learned that the best lawyers listen twice as much as they speak. And I think that's probably true in other disciplines as well.

Ken White

Right.

Matt Siano

People who are more classically trained as a physicist or as an MBA student but certainly, the more you listen and the more you actually try to find what perspective the other person has that maybe you don't have or you can add to. I think that part I've learned how to deploy my law degree more in that way by listening.

Ken White

What percentage of your day do you spend communicating then?

Matt Siano

It's a great question. I would say that I jump from meeting to meeting almost like a MASH doctor. I get called in and said. We have this problem we've gotten this far. What do you see? What are we missing? And so most of my day at Two Sigma is bouncing around from

we have a registered broker-dealer, we have five different registered investment advisors, we have an insurance analytics business, we have an affiliated reinsurance company in Bermuda, and the problems that each of those businesses have are all very different.

Ken White

Mmm.

Matt Siano

And so oftentimes, I'm called in to look at this HR problem, or this investor issue, or this government response, or this investment management process problem. And so you have to learn to be able to switch gears very quickly from okay what is it now that you need and what can I bring to bear from those other earlier conversations that maybe can help inform what this particular part of the business wants to do.

Ken White

There's a recent piece in Harvard Business Review saying that CEOs are spending almost 70 percent of their time in meetings. That run true pretty much with what you're doing?

Matt Siano

I would say that's accurate.

Ken White

Yeah.

Matt Siano

It's tougher and tougher to find time to just sit and think

Ken White

Yeah.

Matt Siano

and to write and to review material. I'd say that's probably the biggest regret that I have about where my career is at currently is that you use less and less time to spend in my office with the door closed

Ken White

Yeah.

Matt Siano

pouring over the primary source or the primary problem. And so you have to learn to hire really good people who can do that work for you and who know what to tell you, and what not to bother you with.

Ken White

Hmm-mmm.

Matt Siano

And then to spend your time going around trying to find where the real issues are where you can add real value and to help folks feel good that they called you in. If if you're the lawyer who comes in and tells people no or you make them feel stupid in any way, shape or form, that's the last time they're going to call you in a meeting

Ken White

Hmm-mmm.

Matt Siano

and invariably, that'll be where the problem of your business starts to arise. So the goal is to make people feel like you are listening to them, you hear what they're concerned about, and you really invest and feel passionate about their problem, and make it your problem.

Ken White

Hmm-mmm.

Matt Siano

And if you do that, unfortunately, it ends up in 70 percent of your time in meetings.

Ken White

Yeah.

Matt Siano

But at least effective meetings

Ken White

Yeah.

Matt Siano

Which is good.

Ken White

E-mail a lot of time?

Matt Siano

Tons of e-mail

Ken White

Yeah.

Matt Siano

I think at last count. My analytics department told me that I clear twelve hundred e-mails a day. So that's steadily gone up. We're at a place that measures everything frankly.

Ken White

It's on the high side, wow.

Matt Siano

So they are very proud of being able to present you statistics with how much face time you're using

Ken White

Yeah.

Matt Siano

or how much. My total went up from I'd say it was about 12, about 250 when I started at Two Sigma, and now I'm about twelve hundred. So it's a tremendous amount of e-mail.

Ken White

Do you have a strategy?

Matt Siano

I try to make sure that folks understand the price of cc'ing people. That cc'ing isn't free, and that's both from an offensive side and a defensive side. You know when you get if you get a subpoena or you get some document requests from an adversary, extra cc's are just more e-mail you have to call through.

Ken White

Right.

Matt Siano

And so we have a phrase at least I have a phrase I use it says you know cc'ing is not free. So understand who you're including don't under include don't over include. Make sure that you're sharing it with the population people who need to know, but don't overburden people just for the sake of either needing to have quote-unquote face time electronically with someone. If you're doing your work, people will know that, and you should be judicious in the way you pull on people's time, particularly in a 24 hour a day environment. It's not fair to send e-mails to folks 11 o'clock at night just for the sake of it because they have to figure out now why did you send this to me and someone from the legal department or someone from my government affairs team when they send something people assume well it's coming from Siano's team it's important I gotta read this.

Ken White

Sure.

Matt Siano

And so we talk about making sure that you understand cc'ing isn't free.

Ken White

What do you read to keep up on? You have newsfeeds. Wall Street Journal is a what do you like that kind of?

Matt Siano

So I often joke that the three newspapers in New York are perfect. The Times for the news, the Daily News for the sports, and The Post for life. But I read all three New York papers. I do dabble in The Journal for particulars. There are longer articles they've got. They do very good in-depth articles which are really well worth reading, but I think that the old saw about the New York Times that if you read The Times everyday, you can get a college education by just reading that paper. The Gray Lady is still a really good source of staying grounded and connected. I know there's always a debate about its political sort of bent one way or the other. But my personal view is that The Times is still the paper of record for a reason, and I do the crossword puzzle every single day, which also helps keep me and keeps me grounded.

Ken White

Right, right.

Matt Siano

But no, The Times for the news anyway is still, I think, a great source. The firm obviously takes in data from at least tens of thousands of data sources to run the investment management program. But I also find that the Washington Post is a really interesting paper still. In terms of just getting another view of the world in an environment where money isn't the driving factor. It's a very interesting difference, and then The Financial Times it's really a great paper so.

Ken White

It's interesting here in the business school to see who reads The New York Times and who reads The Washington Post.

Matt Siano

Absolutely.

Ken White

Definitely two groups; there's no doubt about it.

Matt Siano

When I first came to William & Mary, god twenty seven years ago and I couldn't find The New York Times anywhere, and someone said to me, oh well, we've got The Post, and I, of course, assume that was The New York Post and I didn't realize oh no they meant The Washington Post. But you know when you're 17-year-old kid from New York

Ken White

Right.

Matt Siano

your world view is informed by The Post.

Ken White

So you mentioned earlier, there's so many more positions today than than there were even ten years ago on Wall Street for those who think they might want to pursue what do they do? What's that step? The young professional the college student I want to examine opportunities on Wall Street. What should they do?

Matt Siano

Sure. The good news is that many firms that are out there have great websites that list their open positions. So I often tell students that it's very hard right out of the box to find the perfect job. The odds if you know there are a million open potential positions in the

universe, you hitting that right one job is a one in a million shot. But if you can reduce the things that you think you don't want to do, you vastly increase your odds of finding that thing that you want to do, and then B squeeze this place for as much knowledge about different opportunities as you possibly can. So don't just assume that your life is over if you don't get the investment banking internship at bulge bracket firm whatever. Think about, do I? What do I really like to do and what firms do that kind of work and then talk to people talk to the professors about I'm really interested in big data and really understand analytics. I'm interested in risk management, or I'm interested in marketing. I like talking to people. I like talking to investors or like like sales and then if you look around and think about the different quadrants or different parts of the financial services space, find someone who can give you that sort of mental mall map. It's very difficult for students to sort of place where they are in the financial services world, and I found that oftentimes giving them the you know you are here is very important, and here are all the ten little stores next to the big anchor tenant that you've heard of and some of those little stores might be way more interesting for you. From a mentorship, from a subject matter, opportunity. And then whoever hires you, that's the great first job. You get experience, make the most of it, ask a lot of questions. There are no stupid questions. Do your homework and show up and care. And it's amazing how the harder you work, the luckier you seem to get. And that's a great thing.

Ken White

That's our conversation with Matt Siano, Managing Director General Counsel at Two Sigma Investments. And that's our podcast for this week. Leadership & Business is brought to you by the Center for Corporate Education at the William & Mary School of Business. The Center for Corporate Education can help you, and your organization get to the next level with business and leadership development programs taught by the William & Mary MBA faculty. The faculty ranked number one in the nation by Bloomberg Businessweek. If you're interested in learning more, visit our website at wmleadership.com. And finally, we'd love to hear from you regarding our podcast. We invite you to share your ideas, questions, and thoughts with us via e-mail at podcast@wm.edu. Thanks to our guest this week Matt Siano. Thanks to you for listening. I'm Ken White. Til, next time, have a safe, happy, and productive week.